

CA20N

Z1

-22H401

#433



ITCHER & CO.
REPORTERS
LDG., TORONTO

Auton's Hydro Electric

Inquiry

Commission, 1922-1924

clence J

4593-4706

433



HYDRO ELECTRIC ENQUIRY COMMISSION

QUEENSTON - CHIPPAWA

Estimates and Appropriations

TORONTO, MARCH 28TH, 1923.

W. C. Coe,
Official Reporter



HYDRO - ELECTRIC INQUIRY COMMISSION.

I N D E X.

<u>TORONTO, ONT. WEDNESDAY MARCH 28th, 1923</u>	<u>Page</u>
Appearances	4593
<u>SIR ADAM BECK</u> , sworn, Ex'd. by HON. MR. ROWELL	4593
Chairman of H.E.C. since 1907	4593
The names of Commissioners	4593-4
Queenston-Chippawa development first considered in 1912 or 1913 . . .	4594
Preliminary surveys . . .	4594
The 6600 second foot proposition . . .	4595
Based on estimates of the engineers . . .	4595
The Commissioners depended on experts for all data . . .	4595
The circumstances leading to change of plans from 6500 to 10,000 C.F.S. . .	4596
Necessity for increase of power . . .	4597
Amount of water to be used fixed by Order-in-Council . . .	4597
Bylaw voted on by all municipalities . .	4598
Work commenced after vote taken . . .	4598
Municipalities assumed financial responsibility for the undertaking . . .	4599
No other vote of municipalities taken . .	4600
Constant fear of coming to end of supply of power . . .	4600
Reasons justifying the larger scheme . . .	4601
Various meetings of the municipalities held, but no further vote taken . . .	4601
MR. LUCAS calls attention to the question submitted to municipalities, and the agreement with them . . .	4602
SIR ADAM BECK, continuing, the vote of the municipalities decided the question of principle . . .	4603
Testimony of Sir William Hearst quoted . . .	4603

I N D E X. (Cont'd.)

	<u>Page</u>
A lot of things entered into affecting the cost	. . . . . 4610
Main change which affected the cost of construction was the war	. . . . . 4610
Capacity of canal practically trebled	. . . . . 4612
What important structural changes affected estimated cost of canal	. . . . . 4614
Estimate of November 1917	. . . . . 4614
Received monthly reports from Chief Engineer	. . . . . 4615
Realized estimates would be exceeded in 1919 or 1920	. . . . . 4616
Mr. Clarkson's report of April 1920	. . . . . 4616
Never presumed to interfere with calculations of Auditors, just casually looked over reports of Mr. Clarkson	. . . . . 4618
Report in Globe of March 19, 1920	. . . . . 4619
Working on fixed time schedule	. . . . . 4621
Found in 1920 that costs still increased	. . . . . 4622
Minutes of March 23, 1920	. . . . . 4622
Suggested other experts should report	. . . . . 4623
Recommended that Cooper & Co. be retained	. . . . . 4624
Had not much confidence in Mr. Cooper	. . . . . 4625
Report of July 6th	. . . . . 4625
Preliminary report of July referred to figures given Government of \$52,000,000	. . . . . 4626
Lost confidence in Mr. Cooper	. . . . . 4627
Information and data available to Hydro Commissioners and Prime Minister	. . . . . 4628
Mr. Stuart's testimony before Public Accounts Committee	. . . . . 4635

Digitized by the Internet Archive
in 2024 with funding from
University of Toronto

I N D E X (Continued)

	<u>Page</u>
Felt compelled to finish by 1st. September	4636
Mr. Cooper based estimate on completing a year or so later	4636
Brought before Prime Minister question of additional experts	4637
Letter of September 14th, 1920	4638
EXHIBIT NO. 47.: Filed by : Letter of : Hon. Mr. Rowell : instructions to : March 28th, : Stuart and : 1923. : Kerbaugh, : : dated Sept.14, : : 1920.	4639
Prime Minister went over the work	4640
Estimates did not include everything	4641
Feared other things more than actual money that would likely be spent on first five units	4642
All unknown conditions and uncertainties of construction have been eliminated	4643
Would not have much to say as to trend of prices	4644
Report of Government in estimate for 1920	4644
Letter of October 2nd, 1920	4646
Point in estimate of Stuart & Kerbaugh to which Sir Adam took exception	4647
Sometime in 1921 discovered could not complete work on \$55,000,000.00	4648
Letter from Prime Minister to Col. Carmichael of November 10th, 1921	4649
Letter of November 18th, 1921	4650
Letter of November 30th, 1921	4652
Letter of December 8th, 1921	4653
Report came to knowledge of Government	4654
What Commission communicated to Government	4654
Mr. Gaby had document before the Cabinet	4655

I N D E X (Cont'd)

	<u>Page.</u>
Extract from Mr. Gaby's testimony given on 27th March, 1923.....	4656
Use made of report by Mr. Gaby on October 12th, 1921.....	4659
Sir Adam Beck on Hydro organization.....	4660
Letter from Prime Minister to Sir Adam Beck December 8th, 1921.....	4662
Sir Adam Beck's opinion.....	4663
Increased estimates represented money actually needed to carry on work.....	4666
Decisions of Board, Minutes of.....	4666
Duty to keep Government informed.....	4667
Report dated October 7th, 1921.....	4667
Letter from Sir Adam to Prime Minister, December 12th, 1921.....	4668
Sir Adam to Prime Minister, December 17th, 1921 in reply to Prime Minister's letter dated December 8th.....	4668
Letter from Prime Minister to Sir Adam, 8th, February, 1922.....	4671
Letter from Sir Adam to Prime Minister dated 10th February, 1922.....	4700
Time in 1922 when it was known that \$55,000,000 would be exceeded.....	4703
Re Minutes of Hydro Commission.....	4703
Proceedings stand adjourned at 5.45 p.m. Wednesday, March 28th, 1923, until Tuesday, April 3rd, 1923.....	4706

HYDRO - ELECTRIC INQUIRY COMMISSION.

TORONTO, MARCH 28th, 1923.

P r e s e n t :

W. D. GREGORY, ESQ., CHAIRMAN.

M. J. HANEY, ESQ., COMMISSIONER.

LLOYD HARRIS, ESQ., COMMISSIONER.

R. A. ROSS, ESQ., COMMISSIONER.

J. A. ROSS, ESQ., COMMISSIONER.

J. H. W. BOWER, ESQ., SECRETARY.

QUEENSTON - CHIPPAWA.

ESTIMATES AND APPROPRIATIONS.

N. W. ROWELL, ESQ., K.C., Counsel for the Commission.

J. B. ALLEN, Esq.

I. B. LUCAS, ESQ., K.C.

F. A. GABY, ESQ., Chief Engineer.

W. W. POPE, ESQ., K.C., Secretary of the Hydro Commission, and

H. G. ACRES, ESQ., Representing the Hydro Electric Commission.

SIR ADAM BECK, Sworn. Examined by HON. MR. ROWELL :

Q--Sir Adam, you have been Chairman of the Hydro Electric Commission since its formation in 1907? A--Yes.

Q--And your fellow Commissioners during the early part of the period were Col. Hendrie and Mr. McNaught.

A--Yes.

Q--Col. Hendrie, I believe down to 1914 and Mr. McNaught down to the date of his death? A--Yes.

Q--Then Mr. Lucas succeeded Col. Hendrie in 1914; and Col. Carmichael succeeded Mr. McNaught I think about November 1919; and then Mr. Miller succeeded Mr. Lucas in 1921; and Mr. Ramsden in 1923. That is as I have got the record from the Commission.

Then this question of the Queenston- Chippawa development first came before you for consideration at approximately what date, do you recall, Sir Adam? A--In 1912 or 1913.

Q--Then Mr. Gaby has already told us the first application was a request to the Government for an appropriation of \$35,000 in 1914 for preliminary surveys? A--Yes.

Q--And your report to the Government, recommending that the work be undertaken, I think is sometime in 1915?

A--Yes.

Q--I think the report is October, 1915?

HON. MR. LUCAS : September.

HON. MR. ROWELL : Yes, September 13th, 1915, is the formal report signed by you as Chairman of the Commission, to the Premier and members of the Cabinet, giving a statement as to the then condition of the power developments at Niagara, the necessity for increased power, your estimate of the cost of this proposed plant, and a recommendation that the work be proceeded with.

Now there are just one or two points in this recommendation, Sir Adam, that I will be glad if you can give us some information about. There is a statement on page 5 of this report, which is Exhibit 2. If there is not an extra copy I will show you this, so that you can follow it. I just want to draw your attention to this paragraph:-

"It was found that on the basis of an ultimate 300,000 H.P.capacity, with the permanent works and with 100 H.P.

"equipment installed, the development could be made for \$10,500,000."

A--I did not understand that to be 300,000. I understood that was 200,000 H.P. 100,000 equipment and 190 to 200,000. Where does the 300,000 come from?

Q--This is in your report, Sir Adam, sent to the Government. A--Well, go on.

Q--"The annual charge is approximately \$944,600 per annum."

A--Is this the 6600 second foot proposition?

Q--Yes. "Operation, interest, sinking fund, maintenance, and all other operating charges; or the equivalent of \$9.44 per H.P. per annum for 100,000 H.P., without depreciation and sinking fund" and so on. Then estimates were also prepared to cover capacities up to 200 and 300,000 H.P., which indicate that 200,000 H.P. can be developed at a price not exceeding \$7, and 300,000 H.P. at a price not exceeding \$6 per annum including interest sinking fund and depreciation charges."

What estimates had you before you on which you based that report as to the cost per H.P. of those larger developments? A--We had the estimates of the engineers, confirmed by I think Mr. Johnson.

Q--I think Mr. Johnson came after this in 1916? A--Well this is a long time ago and I do not remember those details.

Q--It is a long time ago. Can you tell us whether you did have reports before you at the time you wrote that letter? A--I presume I had the full reports of the estimated cost of all this work, before we would report to the Government. The Commissioners did not prepare reports or estimates they depended upon experts for all that data.

Q--Quite so, and there is a full report up to the 200,000 H.P. development, but so far we have not had any report showing

these particular figures, Sir Adam. That is, showing that for a 300,000 H.P. development at a price not exceeding \$6 per annum including interest sinking fund and depreciation.

A--I remember the \$6 and \$7 per H.P. very distinctly, to be the cost. That is the 10,000 second feet?

Q--This was still the 6500 second feet Sir Adam. Your recollection does not serve you as to what you had before you on that? A--No.

Q--Then the Prime Minister wrote a letter to Mr. Lucas, which he sent on to you and the Commission, asking for some further information, and the Commission sent that to the Prime Minister. First a letter of October 6th, 1915.

HON. MR. LUCAS : That is not the letter, is it?

HON. MR. ROWELL : No, that is a letter direct to Sir Adam, to which you replied on October 25th, 1915 to the Prime Minister. It is the later letter I had in view. The letter of the Prime Minister to Mr. Lucas of December 12th, 1916, which he sent on, and to which the Commission replied in January, 1917; in which you give the total estimate of the cost of the work for 100,000 Horse power installed as \$10,410,000, and the total estimate for the cost of the 200,000 horse power installed is \$13,250,000

That was the 6500 cubic feet per second development?

A--Yes.

Q--And those were your estimates at that time? Now do you recall, Sir Adam, the circumstances which led you to change your plans from the 6500 development to the 10,000 cubic feet per second? A--Well, there were two main objects I suppose we would have in mind; one was the probable acquiring of the Ontario Power Company plant; the acquiring water rights that would augment the supply to another development which they were still entitled to,

and the other would be the longing, if I may use the word, for increase of power, due to the consumption of power by the entry into the scheme of many additional municipalities, and the fact staring us in the face that the 100,000 horse power that looked an unreasonably abnormal supply for the purpose we intended it for was now too small, it being evident that something had to be done to augment the supply, and also knowing that it was a matter of three or four or more years before the supply could be secured under the scheme we had in mind, as to the length of the Canal, and the work that would be entailed. Those are things that were before us. I am only speaking of what I can remember as the matters we were anticipating.

Q--You will recall, the Government's approval was given to the original plan. That is you asked for their approval to go ahead with your 6500 cubic foot canal? A--Yes, I believe the amount of water to be used by the three companies was fixed by Order-in-Council, and it was intended that legislation should be passed fixing the quantity that each development could use. Based on the quantities they would be limited to, we were advised that there would be 6600 second feet approximately available for development, and I think that is why the development was fixed at that quantity of water.

Q--That was submitted to the Government and the Government approved the development on that basis; and apparently that was also submitted to the municipalities? Or at least the proposal of whether the Commission should proceed with this development was submitted to the electors in a certain form in the elections of January 1st, 1917, as to whether the municipalities would desire to undertake this development.

Q--There were seventeen or eighteen municipalities voted,

I believe.

Q--The bylaw was sent out, Mr. Gaby told us yesterday, by the Hydro Electric Commission, a form of bylaw, and the same bylaw was voted on by all these municipalities.

A--Yes. I don't remember the form of bylaw, but I know it was to secure an expression from these municipalities an approval of the larger scheme or the scheme as a whole.

Q--No, I think you are in error, Sir Adam, on that,

A--Well, the original idea was that the Government would have to undertake the development, owing to the urgency of it all, and pending some action on the part of the municipalities, I suppose.

Q--According to the records, the question of the larger development was taken up in the summer of 1917. Some time during the summer of 1917. In this letter to Sir William Hearst of January 12th, 1917, in reply to his letter asking for full information, only the 6500 cubic feet per second is dealt with, and there is no suggestion of the other development contemplated at that time.

THE CHAIRMAN : That would be after the vote was taken?

HON. MR. ROWELL : It is after the vote was taken.

SIR ADAM BECK : As I remember, we did not begin any work in the construction of the original scheme until after the vote was taken.

Q--No, you bought a right of way and certain supplies and so on during 1916. You made certain expenditures then -- I just recall it to your mind, Sir Adam -- after the legislation of 1916, the Commission requested authority under the 1916 Act to go in and make surveys and so on, and that was granted by the Government.

A--Yes, \$35,000.

Q--Then you also requested authority to buy right of way

and that was granted by the Government. Then in the autumn of 1916 you requested authority to proceed under the Act with the construction, and that was held up in the meantime pending, apparently, getting this further information, and then your request appears to have been answered really by the legislation of 1917, which gave you the authority to go ahead. Does that recall the situation? A--I think so. I think that is correct. You have all the data there.

Q--Now the first question I wanted to ask you, Sir Adam, was this. As you recall it, under the Act of 1917, the municipalities were fixed with the final financial responsibility for the undertaking? A--Yes, after the vote, I think. Then the legislation was changed.

Q--The legislation was changed by the Act of 1917?

A--1917.

Q--And as I recall it, you favoured that legislation; your view was that this should be put on the same basis as the other Hydro developments, so far as the municipalities were concerned. A--Well, I don't know that I had very much to say as to what the policy of the municipalities should be. They were given the opportunity of voting whether they wanted it or not.

Q--I am asking you, as Chairman of the Commission, was not the Commission supporting this view, that the municipalities should assume this on the same basis as the other developments.

A--Well, I don't know what my fellow Commissioners thought about it. I know that the Municipalities desired the opportunity -- I think they must have -- to vote on it, and assume the responsibility, and the Government conceded that if they submitted it to the voters, they might have it and evidently

I think they all carried it, unless there were one or two small ones, I am not sure, that they would assume it.

Q--No other vote of the municipalities was ever taken except this one on this matter, was there?

A--On this development?

Q--Yes. A--No, I don't presume there was. Only I presume all municipalities coming in subsequently knew that they were absorbing their proportion of this investment, proportionate to the amount of power that they might use out of the development.

What I want to draw to your attention, Sir Adam, is this: that in December and January when this vote was taken - December 16th and January 17th - the proposal you were submitting to the Government and the proposal which you submitted to the Municipalities, was for a development of 6500 cubic feet per second, at an estimated cost of from 10 to 13 millions according to the size of the development, and upon that basis the financial responsibility for the whole was placed upon the municipalities by the legislation of 1917.

A--Yes, I think so.

Q--Now then what I want to ask you is this: did the Commission, before it decided to change the character of the development and take the larger, the very much larger development, consult the municipalities in reference to it?

A--I don't know whether we consulted the municipalities. There was the constant fear on their part of coming to the end of our supply at a time when we would be unable to augment it. That was the only thing, I think, from its inception. You know everyone did not agree with me, and it was those who did not who were advising that we would never use the original contract quantity, but our experience was, and is, and I am afraid will be, that we will always be

considerably short of facilities to meet the demands as they accrue from year to year, because of the long time it will require for the hydraulic development, four years, unless you make it a rush job, and the moment you enter into night shifts you enormously increase the cost. These night shifts are never as efficient as day work. I think those were the only warnings we had and the reasons by which we justified the larger schemes and larger developments and earlier preparation to meet the demand.

Q--Now let me put clearly, if I have not made myself clear, the point, Sir Adam. It is this: you got the approval of the municipalities to the scheme and to accepting ultimate financial responsibility on the basis of the plan you then had in mind in December, 1916. Did you ever consult them afterwards? I cannot find any record of further consultations.

Did you ever consult them afterwards as to whether they approved of accepting financial responsibility for a scheme that would practically double the cost? Or did you consider that that was a matter which depended entirely on the judgment of the Commissioners under the Act?

A--I don't know whether it was explained to them at meetings we held. At that time there were various meetings of the municipalities interested when these matters were explained to them. I don't know of that. Of course, there was no further vote taken. I can tell you one thing, we have never had any communication or indication from any municipality of opinions that were adverse to our increasing the capacity of our plants. It has always been the other way, the fear that there would not be an adequate supply.

Q--I assume then, you considered that by virtue of what had taken place and the provision of the Statute of 1917, you had the authority to go ahead without asking the municipalities to

vote on it any further.

A--I suppose so, yes.

HON. MR. LUCAS : Mr. Rowell, just there I think it is proper to call your attention first to the form of the question which was submitted to the municipalities, and the information given to the municipalities at that time, as I understand it, which was as to the development of whatever available water was there.

Now the other point is this, that while Sir Adam is no doubt correct in saying that they were not formally consulted, by means of a vote, the agreement into which the municipalities had entered gave the Commission authority to go on and make whatever development seemed proper for them under their written agreement. There was no legal or other necessity, other than the wide one of policy, as to whether or not they ought to be consulted.

HON. MR. ROWELL : My question was whether they had been consulted, or whether they considered the Commission had the authority under the Statute?

HON. MR. LUCAS : Under the Statute and under the original agreement which all these municipalities entered into.

HON. MR. ROWELL : There was no new agreement, I understand, in connection with this?

HON. MR. LUCAS : No.

HON. MR. ROWELL : And the original agreement was amended by the Statute of 1917 to the extent of bringing within the terms of the agreement, this development?

HON. MR. LUCAS : I think so, to whatever extent it might be developed; whether that amount or a larger amount or any other development necessary to supply power.

HON. MR. ROWELL : It is whatever the Statute then provided. So that there will be no misunderstanding, as I understand it there was no consultation with the municipalities,

by vote, except this one consultation on the 1st January, 1917?

A--Well, Mr. Rowell, I can only feel and believe that that vote was the vote deciding the matter of principle. Not a matter of quantity, or costs, or price, or anything else but the principle.

The original scheme that the municipalities voted on was entirely in connection with the 100,000 horse power that we contracted for with the Ontario Power Company. There was nothing speculative about it. The price was fixed; the terms were fixed, and we knew all about it. Contracts were let for the lines, and we knew definitely what it would cost. It was something almost absolutely definite.

But when it came to whether they would undertake the generation of power and pay whatever the cost might be, it was thought by the Government that they should have an opportunity of voting upon the principle, whether the Government should develop the power and sell it to them as the Ontario Power Company was doing? Or whether they should undertake the greater responsibility of generating it and owning eventually the power development.

That was what the municipalities were asked to decide and of course they would have to pay the cost of the power, whatever that cost would be. And I think that is why the Government and the municipalities wished that that should be settled in the minds of the people by a vote of the people of the municipalities.

Q--Then Sir William Hearst told us the other day, as I recall his testimony, that so far as his recollection went, he did not recall the Government having been consulted or asked to approve of this enlarged development, the Commission had decided that it would be assumed under the Statute

as having authority to go ahead under the Act of 1917.

A--Do you mean to say, Mr. Rowell, that we would go on with this without conferring with the Government? I hope we are not losing sight of the fact that a Government representative was in touch with all our work continually. I don't know whether Mr. McNaught was a member of the House at the time. I was a member of the House and I had frequent conferences with Mr. McNaught and the Government; Mr. Lucas, of course, being a member, he was always there, and these matters were discussed in a general way from time to time.

Q--Do you mean discussed between Mr. Lucas, yourself, and Mr. McNaught? A--Yes, and with the Government, and with individuals of the Government and with the Prime Minister personally.

Q--He has no recollection, according to his evidence, of such conversations with him, Sir Adam, by you.

A--Well I presume he had a good many things to think about seven or eight years ago, the same as people have now in that position, and I think he had some confidence in the men he had appointed on the Commission who were there.

Q--That may be. A--And I think he relegated a good deal of the responsibility to the Minister on the Board.

Q--I am only dealing with the question of your consultations with him;

A--I have not any recollection when they were, but I do know that I was urgent in bringing the matter before the Minister, and certainly my colleague Mr. McNaught was, and I know that Mr. McNaught had conferences when I was not present.

These matters were a great deal a matter of verbal communication between the Government and the Commission, and a member of the Government was also a member of the Commission, acting in that capacity.

(Page 4610 follows)

Q--Well then, you did decide, sometime in 1917, was it, to enlarge the capacity of the whole undertaking?

A--Yes, I think we kept on advising the enlargement from time to time. When we were finally finished with the consultants, both Cooper and Stuart & Kerbaugh, one thing they censured us for was that we had not made the works sufficiently large, and that was about when the work was completed.

Q--Let us take one ^{step} at a time, Sir Adam?

A--We might as well take a good long one when we are about it.

Q--I think you did take a good long one when you decided to increase the number of second feet from 6500 to 10,000?

A--No, I think that is a very short one, that is only a year's supply.

Q--You have heard Mr. Gaby say that it very materially affected the cost? A--I think quite a lot of things entered into affecting the cost of the construction of such a huge undertaking as this, particularly during war conditions, or conditions that never existed in the world before.

Q--It was the main change in the construction, or the main change in the plans, was it not Sir Adam, or are you able to tell us? A--Well, I think the lining of the canal which was ultimately considered, had a very considerable effect on increasing the efficiency of the canal, and making it possible to economically use a very much greater amount of water in the same capacity of canal, as compared with leaving the canal unlined or in its rough or crude state.

Q--What I am asking you, Sir Adam, is this: The main change which affected the cost of the construction, and affected your estimated cost of construction, was what?

A--It was the war.

Q--The main change in the structure of the canal,

Sir Adam, is what I am asking you, I am only speaking of the work ? A--The larger you make it, the more you spend on it, naturally.

Q--Does your recollection serve you, Sir Adam, or your knowledge of the work of the Commission, to tell me what was the main structural change in the work, that affected the cost of the development ? A--Increasing the capacity of the canal, and the war.

Q--You say, the change in the structure of the canal ?

A--Increasing the canal, you always increase the cost of it, naturally.

Q--Was that the main change in the structure which affected the estimated cost of the canal ?

A--What other change would it refer to ?

Q--I do not know the other change; I thought you had assented once to my suggestion that it was the main change, but you seem to hesitate and I wondered if there was any other ? A--I do not understand you, because every time we increased the capacity, made it wider and deeper, it affected the cost of the work. Is that not so ?

Q--Sir Adam, you have already told us that your original design was 6500 cubic feet approximately ? A--Yes.

Q--And that 6500 second feet was based on a development which would cost \$10,500,000 for 100,000 H.P., and \$13,000,000 some odd for 200,000 H.P.; you did, at some time, radically change that by greatly increasing the capacity ? A--Yes.

Q--That was in 1917, or whatever date it was ?

A--Yes.

Q--Now, was there any other radical change that you know of that substantially increased the cost ?

A--I do not quite understand you, because I am answering you in the best way I know; I do not know that we changed

the character of our work, other than the lining of the canal; that was not a very enormous thing.

Q--Then, we get back to the question I asked you some ten minutes ago; I asked you what was the main change in the canal affecting the cost; was not the change you made in 1917 from 6500 to 10,000 cubic feet per second due to the consequent enlargement of the whole work?

A--The increased capacity of the canal was practically trebled from the original estimate before we got through with the design of the canal.

Q--Practically trebled? A--Yes.

Q--That was the big change that affected the cost?

A--No, the big change in the cost of the canal was due to the increased cost of equipment, machinery, wages, and all that enters into the cost of the building of the canal because of the changed conditions due to the war.

Q--Sir Adam, my question relates to the change in the structure? A--I am sure I cannot gather what you mean. If I had gone over all the details that you have there, and have been going over for some weeks, and if I had the data and dates fixed in my mind, I could answer more of these questions you are asking.

THE CHAIRMAN: Mr. Rowell did not ask what was the main cause of the increase in the cost, but what change in the structure was the main change which affected the cost of the construction?

A--I would not know unless I looked it up, as to what changes were made. You have had the explanation of the engineers in such minute detail, that you ought to have that information.

HON. MR. ROWELL: You are Chairman of the Commission?

A--Yes.

Q--Reporting to the Government ?

A--Yes, and I was in close touch with the work all the time.

Q--And you reported to the Government from time to time as to the cost ? A--Yes, we did.

Q--I understand you have given testimony to the effect that you attribute the increase in the cost from the original estimate due to the change in the design and the enlargement of the whole development ? A--Yes.

Q--And another reason you ascribe is the condition resulting from the war ? A--There are many things. Take the intake for example, it was entirely changed from the original scheme because of the increased amount of water we would be using. I do not believe we had definitely decided in the original scheme, what method would be adopted for taking water from the river; that was ultimately decided upon after experiments were made. We laid out several model plants in the park, and ultimately the intake costing \$3,000,000 to \$4,000,000 was decided upon rather than one costing less than a million dollars. Those are all matters of detail that I will look up if you want me to. I cannot go into all the engineering details.

Q--I have not asked you that; what I have asked you is --

A--We used our best judgment at the time, I want to assure you, in order to meet the future demand for power in the most economical way.

Q--I have not asked you that question; I have asked you this : -- A--We were guided entirely by experts.

Q--And I have not asked you that yet.

A--And we have not had reason to change our minds about that either.

Q--Let me come back to the question; you are Chairman of the Commission, reporting to the Government ?

A--Yes.

Q--Leaving out of consideration for the time being, the war, and dealing only with the structural changes, will you tell me what important structural changes if any, affected the estimated cost, from the date of your original estimate of \$10,000,000 to \$13,000,000? Are there any others than those you have now mentioned? A--Yes, I imagine there are a great many others, material and large. If you like me to look them up for you, I will, if you haven't already had them from one of the engineers. I think that is in the evidence of the engineers which has been given in the last month or so.

Q--Can you mention any other change besides the ones you have mentioned, the change of the capacity, the lining, and the intake? A--There are probably a great many others.

Q--Do you recollect any others? A--No, not unless I refresh my mind.

Q--Now, having decided on the change, you had an estimate prepared by the engineers as to the cost of this enlarged canal? A--Yes.

Q--And the estimate, as I understand it, is dated November 1917, which was the estimate of from \$17,000,000 to \$24,000,000, depending upon the immediate installation, \$17,000,000 if you installed 100,000 H.P. immediately, and \$24,000,000 if you installed 300,000 H.P. You recall that? A--Yes.

Q--And it was on that larger scheme that you actually commenced work? A--Yes.

Q--In 1917, 1918, whatever date you commenced?

A--Yes.

Q--What measures did you have in view, as Chairman of the Commission, to keep in touch with the question as to whether the work was going to be done according to the estimates, or whether you would require to increase the

estimate? A--Before that came about, I think we had the scheme -- at least the construction, methods, and so on-- all confirmed by Mr. Johnson, the Consulting Engineer. You know that.

Q--Yes, his report was made in April 1917 in which he recommended a canal of 10,000 cubic feet instead of 6500 cubic feet. You recall that in his report? A--Yes.

Q--And it was after that you decided to have the larger canal. You did, as Chairman of the Commission, follow the estimated expenditure? A--I received monthly reports on the work as it was going along.

Q--That is what I want to get at; you had monthly reports on the work from the Chief Engineer? A--I think so, yes.

Q--And did these monthly reports show to you, or give you the information which would enable the Commission to see whether the work was exceeding the estimates, or whether the work was being done within the estimates, Sir Adam?

A--Well, I presume.

Q--Did these monthly reports, Sir Adam, give you the information which would enable you, as Chairman of the Commission, to see whether the work which was being done was being kept within the estimates or not, or whether the estimates were likely to be exceeded? A--Well, there did come a time when we knew they would be exceeded.

Q--I know that. A--It would be the monthly information, just what it could give us in that way. I know there was a time when we could see we were going to exceed the estimates, and matters were discussed. It caused some anxiety, because we were exceeding the estimates.

Q--I would presume that would be a matter that would receive the consideration of yourself, and fellow Commissioners on the Board? A--You should not worry about that, because I think we did all the worrying at the time.

Q--Unfortunately, or whatever it may be, it is our duty to elicit these facts? A--I think it is fortunate for you, you seem to enjoy it all right.

Q--I always enjoy dealing with you, Sir Adam.

When did the Commission first realize that these estimates, of \$24,000,000., upon which you were proceeding with the actual work of construction, were likely to be substantially exceeded? A--I don't remember, it must have been in 1919 or 1920.

Q--Mr. McGarry, the Provincial Treasurer, in February of 1919, asked for the Commission's total cost of the completion of the work, for the information of the Government, and the reply at that time is contained in the letter of the Secretary, Mr. Pope, dated February 25th, 1919, which reads as follows:

" The cost of the completion of the work was estimated at \$24,000,000. to \$25,000,000. The horse-power to be developed at that cost is estimated at \$300,000. "

In Mr. Clarkson's report of April, 1920, for the year, 1919, the following statement appears, Sir Adam, at page 8:

" It is estimated by the Commission that the ultimate cost of the works will be about \$40,000,000. and that they will be completed to the extent of permitting the generation of power by the Fall of 1921. "

Mr. Clarkson told us that he submitted that report to you and went over it with you before he sent it to the Government. Do you recall that figure as being the estimated cost, at that time, of the completion of the work? A--No, I cannot say that I do, other than I presume he got that data and information from the

Engineering Department, because he had access to all the Departments to enable him to compile his report, which was an independent report to the Government, and it was not for me to say whether it was correct or not; it was for him to confirm anything he would submit to the Government by conferences with the various Departments that could give him the information. I believe that is what he was asked to do.

Q--He tells us he got it from Mr. Gaby. It is stated in this report: "It is estimated by the Commission that the ultimate cost of the works will be about \$40,000,000."

A--The Commission is naturally responsible for everything they do, and don't do.

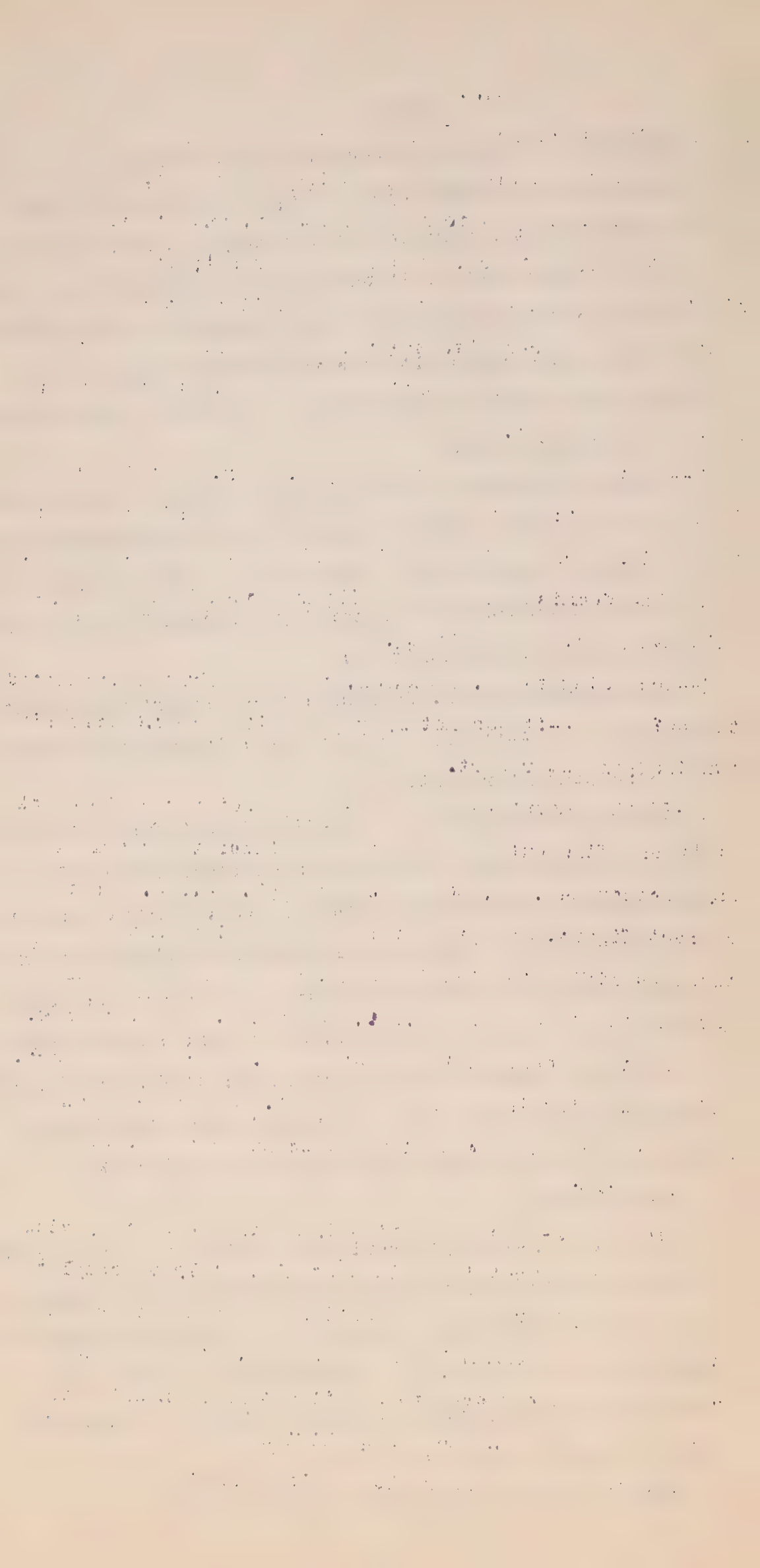
Q--According to Mr. Clarkson, this report was submitted to you? A--It was not my report, it was Mr. Clarkson's own independent report.

Q--If the amount -- A--It was not for me to check it up and find out, I am not an Engineer to be able to say whether \$40,000,000 instead of \$55,000,000. was the correct figure, except that I would get information from those qualified to give it to me, and whether Mr. Gaby gave me the figure as \$40,000,000 or not, I do not know.

Q--If the amount that was put in Mr. Clarkson's report, which was going into the Government, was higher than your view of what the cost would be at that time --

A--My view?

Q--Yes. A--Are you seriously asking me what my view would be as to what it would cost ultimately to complete that canal, other than information I would get from those qualified to inform me? A contractor, at that time refused absolutely even to submit a tender on doing the work, and if a man who was qualified refused to give a tender, how would I know?



Q--I would assume you would base it on the reports of your own Engineers. That is Mr. Clarkson's report, and I am asking you, when this was submitted to you, stating it was the estimate of the Commission, presumably it would be based on the reports from the experts? A--I would take it that it was probably information he got as being the best judgment these men could make as to the probable cost, because I absolutely would not commit myself to anything at that time as to what was going to happen, unless we could have ascertained when the Armistice would be brought about, and what the results would subsequently be after the Armistice. Everybody was under the impression that after the Armistice wages would go down, costs would go down, and everything else -- we were all disappointed, that is all.

THE CHAIRMAN: I understood Mr. Clarkson to say that before he presented that report it was his practice, every year, to take it up with you and secure your approval of it? A--No.

Q--And that he submitted this report to you before submitting it to the Government. A--No.

Q--And you approved of it? A--As a matter of courtesy, I think he would submit these things to the Commission, and he did, as you say; and as a matter of judgment in these matters of what the cost might be, whether it would exceed the estimates, or be less than the estimates, I could not have any judgment in the matter other than what our experts advised, and which was confirmed by other experts. What I mean is this, I would look, in a casual way, over these reports, but I never, in any way, shape, or form, presumed to interfere with the calculations of the Auditor, or anyone designated by the Government to make a report. I could not be expected to discover

errors in figures and facts, certainly not.

Q--Mr. Clarkson has gone so far as to state ⁱⁿ his report that your Commission's estimate was so much?

A--That is his language; I suppose he meant from that, those responsible to us. You yourself would not assume for a moment to question estimates that had been gathered through the organization making a special report direct to the Government. If I saw anything I could offhand declare to be erroneous, I would probably draw his attention, but I would not assume to tell him what he should fix as the estimate of cost, other than that he could secure it from our experts, or men qualified and responsible.

HON. MR. ROWELL: One would judge that this figure of \$35,000,000 to \$40,000,000 was something that you, and your experts, had before you at that time, from the published statements at that time as to cost.

If you are correctly reported, Sir Adam, this is a report that appeared in the Globe under date of March, ^{19th} 1920, of your statement at a Civic luncheon which the City gave in your honour, at the King Edward Hotel:

" The Chippawa plant would be completed in 18 months in time to supply Toronto with power to operate the Street Railway System. The other part of the work was up to schedule. The increased estimate of the cost was due to high labour costs, and labour was not so efficient as before the war, and the expenditure of \$35,000,000 to \$40,000,000 for such a purpose was a mere bagatelle compared with what it would mean to the country. "

A--I have not changed my mind.

Q--I only draw it to your attention because that would seem to indicate that you had in mind at that time quite clearly the figure Mr. Clarkson has mentioned in his

report of \$35,000,000 to \$40,000,000? A--That is the judgment of the Engineers based on existing conditions. I hope there is no inference that our organization endeavoured to minimize the actual cost, if we could possibly know it, because sooner or later it would reflect on us. We were merely trustees, we were not trimming anything, we were not a "Steel" aggregation; it did not mean anything to us whether our calculations were curtailed, except it would possibly discredit our engineers. I do not think these men wanted to discredit themselves in their profession, when there was no necessity. I presume that was their best judgment, as they saw it, as honest men. I have never found them otherwise than loyal, true men, in their work. That was their calculation, that it would cost \$30,000,000, or \$40,000,000, or \$50,000,000, whatever figure they arrived at. There can only be one conclusion, that is, if they did otherwise, they were dishonest, and they have never been dishonest in any transactions we have ever undertaken.

Q--I notice you say the work will be completed in 18 months, in time to supply Toronto with power to operate the Street Railway System? A--Yes, I presume that is what we expected, and what we were aiming at, and I think this Commission should bear that in mind; we were not only facing abnormal conditions, but owing to the War, we had a time limit -- we had a rush job. We were not in the fortunate position of the contractors on the Welland Canal alongside of us, who could take their time, and who were afterwards released from their contracts and the Government took over the equipment, and let the contracts on a cost-plus basis. When men were not available, those contractors did not work, and when they were asked to pay higher wages, they simply curtailed the development.

We were not in that position, but we were obliged to enormously increase the staff, and work day and night under inefficient conditions. One hundred men would walk away from the work, having secured other work more acceptable to them, for whatever reasons they were, and those men had to be replaced at great cost. The inefficiency of men who were unaccustomed to the work very materially increased the cost; 300 to 600 hundred men going off the job in one group. That is an illustration of the extreme conditions under which we had to work. The Power Controller asked us to go on no matter what the cost was, saying that this work had to be shoved on, he even conferred with Washington as to the advisability of the United States coming in with more men and money to rush the work to completion at the earliest date possible.

Q--That was not in the year 1919? That was while the war was on? A--We had a conference in Washington, I think, about that time.

Q--That was while the war was on. We are now dealing with the situation of 1919? A--All right.

Q--You say you were working on a fixed time schedule, when was that schedule to be completed, the 1st of September?

A--The Autumn of 1921, the expiry of the Street Railway Franchise, and, of course, the fear of running out of power.

Q--That was the reason you fixed the date as of 1st September, 1921, for completion? A--I think so, I think we expected a demand for additional power.

Q--You mean the expiry of the Street Railway Franchise, the prospect you would have to take care of that load?

A--I think that is one of the things we had in mind.

THE CHAIRMAN: When was the decision arrived at?

HON. MR. ROWELL: When did you decide to fix the date for completion as of the 1st September, 1921? A--I don't

remember, I think we had that in mind all along.

Q--When did you decide to put on night shifts to rush the work? A--That I cannot tell.

MR. GABY: The night shifts were on and off.

SIR ADAM BECK: We had a strike, and that certainly put us back months in our work, and added between one and two million dollars to the cost of the canal.

HON. MR. ROWELL: Well, then, we have the estimated cost as given in Mr. Clarkson's report, and referred to in your address in the Spring of 1920, as approximately \$40,000,000. A--Yes.

Q-- That is the amount Mr. Clarkson mentions, and we will take the larger figure. A--I think it was \$45,000,000

Q--It got to \$55,000,000. in the Spring of 1921.

A--Yes.

Q--That was the estimate? A--That was the Kerbaugh report.

Q--When did you discover that even the \$40,000,000 estimate would be exceeded? A--Well, I think we found in 1920 that the costs were still increasing, rather than coming down as we anticipated. The best information we could get at that time was that no doubt, the costs would be reduced, including wages, and so on, subsequent ^{to} the Armistice, that would be in 1919 and 1920-- We expected costs to hold their own, or be lower.

Q--I notice, Sir Adam, in the minutes of the meeting of March 23rd, 1920, this record. "A communication dated March 18th from the Prime Minister of Ontario respecting the estimated cost of the Chippawa Power Canal, together with the conditions with respect to the water supply of the canal, and the amount of power it is estimated the Chippawa works shall develop, together with a request for

a report from the Commission as to the situation of the Hydro-Electric Radial Railways --- " " was carefully considered and ordered to be filed, the Chairman having interviewed the Prime Minister in this respect. "

Do you recall interviewing the Prime Minister in the early part of 1920, in reference to his letter as to the estimated cost of completing the Chippawa Canal?

A--I do not know as to the date, I remember various conferences I had with him.

THE CHAIRMAN: That would be very shortly after the present Government took office? Was it in November?

HON. MR. ROWELL: Something like that.

HON. MR. LUCAS: It was in March.

HON. MR. ROWELL: This would be in March, apparently, as far as one can judge from the Minute.

HON. MR. LUCAS: Have you the Prime Minister's letter of March?

HON. MR. ROWELL: It would be between the date of the Prime Minister's letter, and before the date of this meeting, because it recites: " Was carefully considered and ordered to be filed, the Chairman having interviewed the Prime Minister in this respect."

Having given the Prime Minister an estimate of the total cost at that time, would it be the \$40,000,000 that Mr. Clarkson had in his report, have you any recollection? A--I have not, no.

Q-- I find in the month of April, 1920, Sir Adam --

A--I think it was at one of those conferences I suggested that the Government was anxious about it , and they should get other experts to report upon the whole canal. I think that is about the time Mr. Cooper was engaged, or Mr. Cooper's firm.

Q --Perhaps this may recall it to your memory. I notice this Minute of April 27th, 1920:

" The Chief Engineer submitted a recommendation setting out a proposition from Hugh L. Cooper & Company, of New York City, covering the preparation of a complete report on the construction work at Niagara, at an estimated cost not to exceed \$10,000,000 to \$12,000,000. After careful consideration it was decided that the same be approved and the services of this Company be engaged. "

You have before you this Minute, which recites that a report was received from the Chief Engineer, Mr. Gaby, recommending that Hugh L. Cooper & Company be retained, and I find this in Mr. Gaby's report:

" I beg to submit herewith a proposition from Hugh L. Cooper & Company, of New York City covering the preparation of a complete report on the construction work at Niagara, which would include an investigation of the general scheme of development, the adequacy and suitability of the construction plant now in use as related to the conditions peculiar to the project, an investigation of the quality and cost of the work done to date, the probable cost of completion, together with all other matters which it may be necessary to cover, in order to meet the public criticism which has recently been directed against Queenston-Chippawa project. "

Do you recall what he referred to at that time, was it criticism of the increased cost of the work? A--I suppose so, I don't know just what it is. I suppose there were questions raised as to the increased cost of

it; I do not know what specific thing we had reference to. I know that the conferences I had with the Prime Minister were to the effect that he wanted to fortify himself any way he could in order to arrive at something independent of our engineers, that would be a guide to the Government.

Q--Well then, when you got Mr. Cooper's preliminary report in August. A--And I think the Prime Minister convinced himself, by communicating with Washington, as to the fitness of the man for the position, I think he concurred that we should employ Mr. Cooper's firm.

Q--Well then, when you got Mr. Cooper's preliminary report in August -- A--Yes, I got it at London at my residence, one Sunday.

Q--What was your feeling about his preliminary report at that time? A--Well, it was not only the report that he had, but the feeling I had with respect to him, I concluded I had not very much confidence in Mr. Cooper before he left me, and I reported so to the Prime Minister.

HON. MR. LUCAS: You are speaking of Mr. Cooper's interim report that he put in his letter?

HON. MR. ROWELL: I think it was put in yesterday.

HON. MR. LUCAS: But Sir Adam may have had it before him. July 6th is the date of the report in which he said he was in accordance with the construction programme of the Commission, and in substantial agreement with the estimates given to the Government.

HON. MR. ROWELL: The first report appears to be dated July 6th, and reads as follows:

" With respect to the probable time when two units of the Chippawa plant can be made available for

"commercial operation.

You have given me a complete outline of your future construction program and with this program I am in accord. If you carry out this program you should have the two Wellman-Seaver-Morgan units (50,000 H.P. each) ready for commercial operation October 1st, 1921.

With respect to the probable cost of the works as now designed we are in substantial agreement with the figures you have recently submitted to the Provincial Government."

That was followed by his report on the cost, to which you referred, and it was his estimate of the cost of completion of five units installed at \$66,000,000. A--Yes.

HON. MR. LUCAS: The figures there refer to his \$52,000,000.

HON. MR. ROWELL: The report in August is \$66,000,000 for five units installed.

HON. MR. LUCAS: The preliminary report of July referred to the figures given to the Government of \$52,000,000.

HON. MR. ROWELL: We have not yet had his figures put in, but Mr. Gaby was going to look them up, his recollection was it was about \$52,000,000, but we haven't got the figures.

HON. MR. LUCAS: Whatever they were, Cooper agreed with the figures given to the Government.

HON. MR. ROWELL: We have not got the figures yet upon which that was based.

Q--Did you yourself, give Mr. Cooper any figures as to the Commission's engineers' estimated cost of completion?

A--No, I gave him nothing that I can recall.

Q--Anything he got, he got from the Engineering Staff, or

from the Government? A--He got some of it, I think, from the young men who were on the work over there, he did not get it from the Chief Engineer. I remember there was some comment on the part of the Engineering Department regarding the source of that information. Those were his conclusions as to the cost -- \$360,000.000.

Q--Did you share the view of your Engineer that that was an excessive estimate of the cost? A--I presume we did; it was not the excessive cost that alarmed me with Mr. Cooper, it was other matters, and I advised the Government of the fact, and I think it led to our engaging other Engineers to report to the Government; because I personally lost confidence in Mr. Cooper.

Q--In his report, as finally presented, he did criticise the construction, as well as the cost? A--He eliminated the intake, and was going to do something for less than a million dollars, on which we were spending \$3,000,000. That was one of the things I thought ought to be settled definitely because it was the most vital thing in our mind of the whole development. He said he concurred in the half million horse-power scheme, and that would be ruinous to the whole undertaking -- it was one of the vital things. Of course, the Power House foundations were very alarming, when he said that probably the whole building would fall into the river before we got it up. And there were a few other things that were rather extraordinary statements.

Q--Which you did not believe? A--No, I had no reason not to believe it, excuse me. Many men who are conscientious and honest and faithful, have ^{erred} in their day, you know.

Q--Quite so; I should have said, "With it, you did not

agree." A--In a matter of this kind, with regard to authorizing the expenditure , and comparing his report with that of our engineers, it was a very serious matter, and a very great concern to us. Our conclusion was, after conferring with the Prime Minister, we would engage other engineers and contractors, to disprove or prove, the Cooper report.

Q--Do you recall, because I do not find any minute of it, or my attention has not been drawn to any minute of the Board, bringing this matter to the attention of your fellow Commissioners, and suggesting you should retain other engineers? A--Yes, I am sure of it. Mr. Lucas was well aware of the conditions, so were Colonel Carmichael and the Prime Minister, they had these reports available the same as I did, excepting that I went into details and may have taken the trouble to visit the plant, and I saw things in operation day and night , but otherwise, the information and data was available to all of us.

(Page 4635 follows)

Q-- You took a more active part in the executive work ?

A-- I spent more time upon it, naturally.

Q-- Than your fellow Commissioners ? A-- I suppose I did ;
I do not know.

Q-- At least I have understood so ? A-- I was there
more continuously, naturally.

Q-- Now I noticed that in Mr. Stuart's testimony, given
on April 26th, 1922 ? A-- That was before the Public
Accounts Committee ?

Q-- Yes, when called by Mr. Ferguson ? A-- Did they ever
call me before that Public Accounts Committee ?

MR. LUCAS-- No, that was at a later date.

A-- The only time I was in the Public Accounts was when
you examined me, and I rather enjoyed it, because you were
so friendly.

HON. MR. ROWELL -- We always get along, Sir Adam, you
know. I see Mr. Ferguson was examining Mr. Stuart, and I
want to see if it agrees with your recollection. He asked
Mr. Stuart, "When were you first approached or consulted
in reference to the Chippawa Development?" And he answered :
In August, 1920.

"You were asked by who? to look into this work ? A-- I
was asked by Sir Adam Beck. He asked me to come and see him
at his hotel and we talked the matter over." ?

A-- That was in NewYork.

Q-- "He told me of his difficulties and how he felt about
it. He said he would like me to come up and examine the work
and to report on the cost and plant and the progress of
the work, and he also said, which I think is to his credit,
that he did not have the power of the Commission but he
felt so deeply about it that if they did not employ me he
would pay me out of his own pocket."

A-- I guess I must have been flush just then.

Q-- Is that in accordance with your recollection, Sir Adam?

A-- If Mr. Stuart said so, I would believe him.

THE CHAIRMAN-- Did the Commission pay him?

A-- The province, I think, paid him.

HON. MR. LUCAS-- I think, Mr. Rowell, you asked for the letters appointing Mr. Stuart and Mr. Kerbaugh to be produced. These are they.

HON. MR. ROWELL-- I see that according to his statement your request was that "that he would like me to go up and examine the work and report on the cost and plant and progress of the work." ? A-- But I think especially whether it was being carried on, - and also the Contractor Kerbaugh, - in the most efficient way, the whole organization that we had there. That was what I wanted.

Q-- I understood from Mr. Gaby yesterday, Sir Adam, that one point in Mr. Cooper's report, to which he at least took exception, was his estimated time for completion ; he thought he had unnecessarily prolonged the period for the completion of the work and that would tend to increase the cost ? A-- He was a year longer completing it than we felt we were compelled to finish the work.

Q-- You felt you were compelled to finish it by the 1st September, 1921 ? A-- Yes.

Q-- And Mr. Cooper in his estimate based it on completing it a year or so later ? A-- Yes. Of course it meant a much greater cost carrying the large investment for another year without any return on revenue ; but we were able to make an arrangement, I do not exactly know the date or the time that we had the arrangement completed to have a continuation of the supply from the Electrical Development Company or the Toronto Power Company.

Q-- Now, I notice in the minutes of August 20th, 1920,

this note about the Stuart and Kerbaugh report, and it is the only note about it in this minute :

"The Chief Engineer having submitted accounts of H.L.Cooper & Company, amounting to \$22,694.99 in connection with this firms' report on the Commissions' Niagara Development, the same was approved and ordered to be forwarded."

I do not find here any report or any Minute of the Commission criticizing the Cooper report ?

A-- The Commission ?

Q-- I am speaking now of the Minutes of your own Commission ? A-- The criticizing I did was when Mr. Cooper submitted it to me at London. He did not wait until I got to Toronto.

Q-- I am dealing now with the records of the Commission ?

A-- All our conferences regarding this matter and conversations were not necessarily just at the time we were meeting in session. I can assure you of that ; and they are not a matter of record on the Minutes.

Q-- His preliminary report, Sir Adam, is dated August 7th, 1920. I presume he presented it to you some time between that date and this meeting of the Board of August 20th ?

A-- He presented it to me very shortly after, I presume, the signature of his name was dry, because he must have signed it on the train up, probably.

Q-- Then are you able to say whether you brought before the Commission at this time the question of securing additional experts ? The Minute does not show it.

A-- I brought that before the Prime Minister. I saw the Prime Minister about it I think before there was a Commission meeting. I at once saw him and explained to him fully my loss of confidence in Mr. Cooper's conclusions ; I do not know whether at that time, but at some time not

far distant from that day I saw him and I suggested getting other experts to investigate the Cooper conclusions.

Q-- How did you come to select Mr. Stuart ? A-- I do not know, Mr. Rowell ; but I think it was largely due to Mr. Angel and Mr. Acres. Mr. Angel was in charge of the work and was identified with these men in New York in that large water supply or reservoir, a large work connected with the water supply of the City of New York. Mr. Kerbaugh I think was a contractor, and Mr. Stuart, of course, was one of the large outstanding engineers in the United States, very highly recommended.

Q-- I find Mr. Lucas has produced for me what I asked for yesterday, the instructions to Mr. Stuart. I see the letter is dated September 14th, 1920, and is signed by the Chairman of the Commission, and is as follows :

"Pursuant to agreement reached during our conference in New York City on the 7th instant, I would be pleased to have you prepare a report in collaboration with E.S.Kerbaugh, on the Queenston-Chippawa Development scheme, such report to cover in particular the suitability of a plant for the construction program which we have in view, the date upon which you consider it will be possible to complete the work to the extent necessary to put the first two 55,000 horsepower units into commercial operation, and to estimate the cost to complete the installation of the first five units, and the ultimate installation of the nine units."

Those were your instructions to him ? A-- Yes.

Q-- Then on the same date there is a similar instruction to Mr. Kerbaugh. Those two may go in as Exhibit No. 47.

How did you come to secure Mr. Kerbaugh, Sir Adam ?

A-- I think probably in the same way. Mr. Stuart may have recommended him, or Mr. Angel. We made inquiries otherwise.

EXHIBIT NO. 47 : Filed by : Letters of
: Hon. Mr. Rowell : instructions to
: Mar. 28, 1923. : Stuart and Kerbaugh,
: : dated Sept. 14, 1920.

Q-- Then you got their report on September 30th, 1920 ; so evidently they had been on the work for some time before those letters were written, Sir Adam ? A-- Outlining the information we wanted ?

Q-- The date of their report is September 30th, and Mr. Kerbaugh in his testimony states that he was a month or more on the work. He apparently must have come up immediately after you saw him in New York or he could not have prepared his report by September 30th. He says in his examination :

"You did come on and make some examination ? A-- Yes, I came on and spent pretty near a month consecutively at different times examining the work and went all over it. I had the engineers and superintendents in. They furnished us with past records, and we asked them to get up other information which they did."

So I assume he came up after you saw him in New York, and then you gave him this letter of instructions on the 14th September, and they presented their report on the 30th September. Did you go into the matter with Mr. Stuart and Mr. Kerbaugh yourself, Sir Adam ?

Q-- Not to any extent. I was over at the work with them when they were there, and saw what they were doing in a general way.

Q-- Mr. Lucas told us that the Prime Minister went over

on some occasion to the work, and went over this report with Stuart and Kerbaugh and the Commission ? A-- Yes.

Q-- Just tell us about that ? A-- He expressed a desire to see it himself, and arrangements were made. I think he was to address the Canadian Club or some club there at the time, and he made that a convenient date. I think he spent two or three days there. I was there I think only a day and a night. Of our own engineers, I think Mr. Johnson and Acres and all the engineers were there ; Kerbaugh and Stuart, and Colonel Carmichael and members of the Commission I think were all there, and the Prime Minister ; and the party went over all the work and they had a conference, several conferences I imagine with all these engineers ; and then the report, I think, and their conclusions were laid before the Commission and the Prime Minister in very great detail. I think he was there two or three days .

Q-- Do you recall whether that was before the formal report was presented or after ? A-- Well, as I recollect it, I thought the report or extracts of whatever it entailed, were all dealt with there. Now I would not be sure about that.

Q-- I notice in this report this clause, and I wondered whether you had considered it or discussed it with them when you were talking over the matter on the ground. I see this in the report, and I want to ask you if it came to your attention. I presume it did :

"In general we have to advise you; first, that while this is a large undertaking it is in excellent shape for early completion; second, that all unknown conditions and uncertainties of construction have been eliminated; third, that the equipment is suitable; fourth, that we think the peak of

inefficiency of labor and the peak of prices of material and labor have been reached; and, fifth, with no unusual labor conditions, and with materials properly supplied, we consider the estimates of cost and dates of completion as feasible and dependable."

Did you discuss this aspect of the matter with Stuart and Kerbaugh, Sir Adam? A-- I do not think so. I think those were their own conclusions, absolutely.

Q-- I mean, after they had presented these conclusions to you, the matters in which you are very much concerned, whether these estimates were correct or whether Cooper was correct in estimating the larger amount, and you were very much concerned, as I understand you, about the completion?

A-- Of course those estimates did not include everything. For instance, there was a very great discrepancy, and this is one thing I did make special inquiries about, and that was their salvage value of the broken stone that we might have, running into millions.

I understood that all the stone that we could crush and break would practically be used for our own work, and I could not see where this quantity of stone would be available. I may have got it from somebody there, Mr. Acres or someone, and I drew attention to that; and I think Mr. Gaby discounted that, and he did not deduct anything at all the amount that they expected to get out of the salvaging of the broken or crushed rock; and there were one or two other items of the same kind. I do not think they allowed for interest during construction. Otherwise I have no recollection of anything else.

Q-- Those are the only two points that you recollect?

A-- There may be others, if I have something to remind me of them.

Q-- What I want to draw your attention to especially is

whether you disoussed this point ? A-- You got Mr. Stuart's statement there before the Public Accounts, in which he said that he had been thirty six years Consulting Engineer, and if he was to be criticized every time his estimates were in error, he would not have lasted as Consultant for two years, meaning that estimates apparently had not much value in his mind, even of his own.

We had a case last year, when things were normal, of a contractor taking a job of \$400,000.00, on the intake, and when he had got finished he found he had lost \$164,000.00 on the job. He was risking his own money and depending on his own estimates and his own engineers. So that I suppose even private corporations get into trouble on estimates.

Q-- I suppose the best of men make mistakes at times ?

A-- I do not know that they make mistakes, but they have not got a judgment which can see into the future, as some medical and legal men advise us, sometimes, of what is going to happen, until the courts decide against us.

Q-- We have only to consider the past ?

A-- You are fortunate then.

Q-- But what I want to direct your attention to, particularly, Sir Adam, having regard to the fact that your costs were mounting, that Cooper had given an estimate of construction which you and your engineers thought was much too high, and Stuart and Kerbaugh were putting in an estimate which was subetantially lower ?

A-- You are emphasizing the fact of the exoessive costs that Cooper predicted for this work as that being^{the} most alarming thing to us.

Q-- No, I do not. A-- Because I had other matters that I feared a great deal more than the actual money that we would be likely to spend on the first five units.

Q-- I am quite aware of that and am not ignoring that at all but I am only dealing with this particular item of costs. In respect of the costs you thought he was too high, and Mr. Gaby thought the same ?

A-- The five or ten or fifteen millions which might be exceeded was of great anxiety, of course ; but the work had to be finished, and as long as we were carrying it on in the most economical and efficient manner with the best modern equipment to do the work with, and the money was being expended honestly and properly, why, we had to abide by the actual cost in the end. You could not stop your work ; you could not change it. There was no suggestion of changing the scheme at that time or the method of carrying on the work.

Q-- Did you discuss with him or with your own engineers this very important statement in reference to costs or estimates, "That all unknown conditions and uncertainties of construction have been eliminated." You had got down to a place where you knew the situation ?

A-- I suppose that was their belief and best judgment. Is that Kerbaugh's statement?

Q-- Both Stuart and Kerbaugh? A-- I daresay they believed it.

Q-- "We think the peak of inefficiency of labor and the peak of prices of material and labor have been reached."

A-- That is a pretty difficult thing to calculate. The efficiency of labor you have very little control over.

Q-- Is it not the fact, Sir Adam ? A-- The organization was there and the men to carry on the work were there that were looking after the work, and that. I have never changed my confidence in them from what I saw, knew and believed.

Q-- In another investigation, in which you had a very important part, Sir Adam, and I had a less important part.

A-- Not as important a part as you had, Mr. Rowell. I was in the minority.

Q-- We had a great deal of evidence on the trend of prices, and my recollection is that the evidence on both sides was agreed that the maximum of the peak of prices was reached in 1920, and the peak of inefficiency of labor was reached in 1920, and that in 1921 prices were descending and labor was becoming more efficient. Now, I am speaking generally. You recall that ?

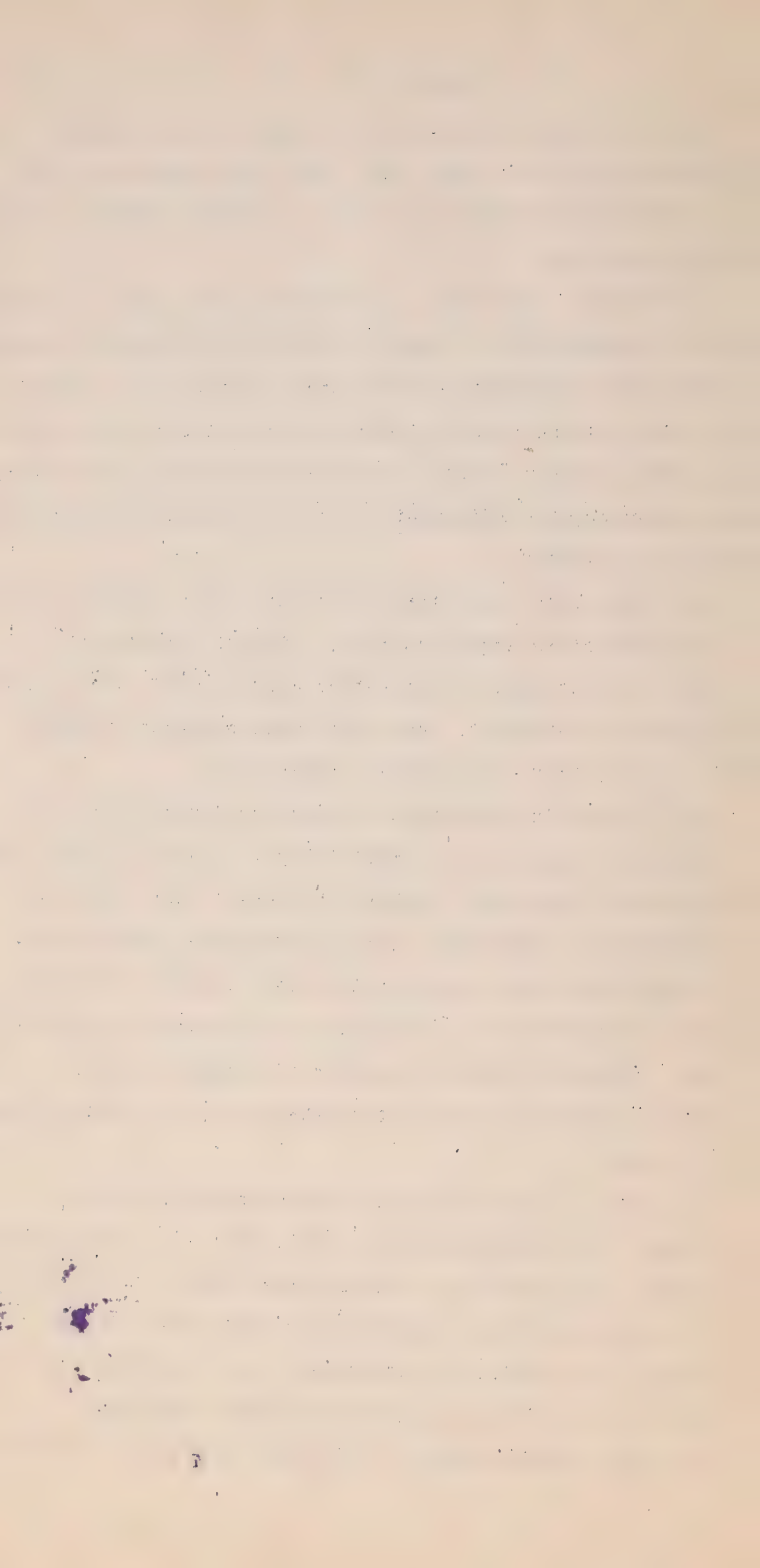
A-- Were those the witnesses of the city or of the company.

Q-- Both sides agreed on that, I think, Sir Adam ?

A-- I do not know, I got rather mixed myself, I do not know how you felt about it, just as to what was what or where we were at, they were both so convincing.

Q-- Are you in a position to agree or disagree on that question of the peak of inefficiency ? A-- No, I would not have much to say about either the trend of the costs of construction of any kind, and the efficiency of our men. I do not say in all cases that we ever reached the point that it was with us ; it seemed to be against us all the time. However, that is a matter of judgment again, a matter of belief on the part of these men, the best we knew to be had.

Q-- Then, in your report to the Government, in the estimate to the Government for 1920, that is in the spring of 1921, as I recall it, the estimated cost of completion of the whole work was approximately fifty five million dollars? A-- Well, the Government was in possession, Mr. Rowell, we all were in possession of these reports from these various groups of engineers, our own, the Cooper



group, and the group of Stuart and Kerbaugh. They were all common property to all of us; and the Commissioners, I was one of them, and the Government had to use their best judgment which to follow, and which to believe and which to accept. That is the position I have always assumed. It is presumptuous on any of our part, I think, to say that we were going to be finished on a certain day, other than on the information which was given us led us to believe that would be so. And it was impossible to the layman, I am sure, everyone almost who visited the work, to convince himself that we could possibly turn on power in 1921 on that plant. I do not think that any layman, or any man to a certain extent connected with this work, and I know contractors from the other side and even engineers never could see until finally it was in sight that we could have power available in those plants in 1921.

HON. MR. LUCAS-- You are speaking, Mr. Rowell, of an estimate sent up when?

HON. MR. ROWELL-- In 1921, that is the one which shows the estimated cost of completion plus the cost of work already done, which Mr. Gaby gave us yesterday, the two of which make together approximately the fifty five million dollars which Mr. Gaby gave?

A-- I was away at that time. That was the time of my illness.

Q-- You were away in England? A-- Yes.

Q-- WHEN did you return, Sir Adam?

MR. GABY-- In March.

THE CHAIRMAN-- I thought your illness was in 1920?

A-- I had two, one year I went to the south of France to recuperate.

Q-- You went two years in succession? A-- I think so.

HON. MR. ROWELL-- I notice in this file of

correspondence with Stuart and Kerbaugh this letter of October 2nd, 1920, which I overlooked before, addressed to yourself :

"Dear Sir : In answer to your inquiry, on the occasion of my recent visit to Niagara Falls I may say that as a contractor I am willing to contract for the work covered in the report submitted to you by Mr. Stuart and myself, at the unit prices mentioned therein. I further undertake with the plant and recommended additional to that now on the work and on order to place the first two 55,000 H.P. units in operation on any of the specific dates mentioned in our report which you may decide to elect. Should your decision require the dredging unit required in the report submitted I am willing to furnish the dredge and undertake the work for both the canal and the river at the prices mentioned in the report and to finish within the time named."

You recall receiving that letter from Mr. Kerbaugh ?

A-- Yes, I did not remember the details but I presume that is right.

Q-- What was the occasion of that ? If you look at the letter you may recall it. A-- Wasn't that question raised before the Legislative Committee on Public Accounts, and Mr. Stuart said that they would have made good on that ?

HON. MR. LUCAS-- There was a later letter than that.

HON. MR. ROWELL-- The later letter was the next year ? A-- I think I chaffed him about that and said he would have lost on that, and he said no, and showed me.

Q-- Then do you recall the circumstances under which you received that letter or asked for it ?

A--I may have asked him about it ; I am not sure.

Q-- DID you consider seriously at all whether you should let the contract to him? A-- No, I do not think that we did. I think we felt that with the organization that we had there, he could do no better than we could do ; and his offer probably did not look so good when it was dissected, what he was going to do. He had probably a pretty sure thing or he would not have offered it.

Q-- Then, Sir Adam, just to follow the thing in order, you have here Stuart and Kerbaugh's estimate ?

A-- We have not been very orderly so far, have we ?

Q-- You have done very well, so far ? A-- I am glad I have pleased you. You are always kind enough to behave pretty well when I am with you.

Q-- That is right. Your influence, Sir Adam, is very powerful. Now take the Stuart and Kerbaugh estimate, the point to which you took exception as not being justified. I see you have, in sheet number 8, in this report exhibit 27 the item included "Receipts from broken stone" \$2,600,000.00. Is that the point which you had in mind that their report included an amount which you thought was not justified ?

A-- There were various items that pertained to the salvaging of the plant, that were certainly more or less speculative, I thought. No one could say what conditions would be and whether there was going to be any big work undertaken ; and they included the value of rock, as they saw it, probably in New York ; I do not know.

Q-- You thought that item was a doubtful one and therefore not justified ? A-- I could not believe that we would have the quantity, even if we could sell it, the output of our machines.

Q-- Did you consider that ten percent for contingencies at that time was adequate ? A-- I do not know.

Q-- I notice that is what they have ? A-- No, I did not put my judgment up against theirs in any of these matters.

HON. MR. LUCAS-- You will put in, Mr. Rowell, later the letter which explains that first one.

HON. MR. ROWELL-- I am coming to it, I am taking them in chronological order.

Q-- In the summer of 1921, as I understand it from Mr. Gaby's testimony, you discovered that you were not going to get the work completed on the basis of the fifty five million estimate. You recall that as a fact, do you not, Sir Adam ? That sometime in the year 1921 you found out that the work would not be completed on the basis of \$55,000,000.00 estimate which had been submitted to the Government in the spring of 1921 ?

A-- Of that I have no recollection, unless you have got something to show me.

Q-- Sometime in 1921, you discovered that you were not going to be able to get through on the estimate of \$55,000,000.00 ? A-- Yes.

Q-- Now, do you recall a conference with the Prime Minister in reference to this matter in August or September, 1921. I notice this conference is referred to in a letter of the Prime Minister in October of that year ?

A-- Well, I presume as soon as we knew and had any definite knowledge of any of these things I took them up with the Government.

Q-- Perhaps this will recall it to your memory, because I want to get your recollection upon it. On the 10th November, 1921, the Prime Minister wrote Colonel Carmichael as follows, and this refers to the interview and I read it to see if it will refresh your memory :

"You will recall our conversation of some three weeks ago." That would make it approximately the middle

of October, - "In which you pointed out to me the fact that the estimates for the first five units of Chippawa were certain to run to a very considerable extent beyond those submitted by you to the House last April. You will further recall the meeting which was arranged between members of the Commission with the Chief Engineer, Mr. Gaby, and the full Cabinet, in which the entire situation was very fully discussed and a promise was made by the Commission that a full explanation of the increases would be submitted to the Government in the course of a few days."

Do you recall that interview, Sir Adam ?

A-- I suppose we had an interview, I do not remember these things as a matter of memory, but I know that we had frequent interviews and we submitted these things.

Q-- Apparently, at that time, Sir Adam, you had received from the Commission - A-- From the engineers ?

HON. MR. LUCAS-- Yes, you had put in the estimate prior to that of the \$65,000,000.00.

MR. GABY-- That is the report I was referring to, Mr. Rowell.

HON. MR. ROWELL-- This is the first time I have seen it.

MR. GABY -- Yes.

HON. MR. ROWELL-- First, I want to know if you recall this important interview to which the Prime Minister refers in his letter, in which the question was discussed of this large increase in the estimated expenditure between the Commission and the Government, apparently in October, 1921?

A-- Yes, I recall various conferences and interviews with the Prime Minister personally. I mean I know I had them.

Q-- Then the Prime Minister continues :

"This explanation has not yet arrived, and as the Government is intensely interested I would urge

that you, as representing the Government on the Commission, should immediately take the matter up and see that this is done.

"I need not point out to you the seriousness of the situation. You were assured by the Officials of the Commission, and in turn assured the House and the Country, some seven months ago, that the estimates then submitted to the House for their approval were ample for the completion of the first five units."

A-- And the assurance of the experts that we had engaged on that disagreed with the Cooper's estimates.

Q-- This letter continues :

"During the period which has elapsed since the voting of these estimates, conditions generally have been such as would lead to the reasonable expectation of a reduction in cost rather than an increase over estimates made at that time. The fact that not only has this not been the case, but that in spite of these conditions, the estimates have been increased to an amazing extent, is, to put it very mildly, a matter of great alarm to the Government and constitutes a condition which we cannot ignore. I trust that you will take this matter up energetically and see that reasons for this condition are immediately placed before the Government."

That was sent on to you by Colonel Carmichael and you replied on November 18th, 1921, to Colonel Carmichael :

"I am in receipt of your communication of November 10th accompanying a letter from the Premier of the same date addressed to yourself, referring to a recent meeting of the full Cabinet at which the estimates of the Queenston-Chippawa Development

were discussed.

"As you are aware, the engineers of the Commission who will be required to prepare the report referred to, have been engaged during the last few months on most important work of preparing the report and plans of the development of the St. Lawrence River for presentation to the International Joint Commission, which Commission has on two occasions extended the time for the receiving of such report and the last date of delivery expired on Monday of this week, when the Commission's report was delivered.

"In addition to the above, the engineers and staff have been engaged on the completion of the agreement between the Toronto Railway Company and the Commission for the purchase of the Toronto Power Company's properties, involving considerable time of the staff and engineers in detail work.

"As soon as these matters have been definitely completed no time will be lost in the preparation of the report referred to in your commission."

That word "commission" undoubtedly means "communication". That is probably a misprint.

Then Colonel Carmichael sent that on to the Premier, and then Colonel Carmichael replied in this way :

"I regret that so much time has now been allowed to lapse since this matter was taken up with the Cabinet and the explanation which was mentioned in correspondence, promised. I think it is now nearly six weeks since the matter was discussed with the Cabinet and an explanation of the large increase, approximately ten million dollars (\$10,000,000.) required to complete the first five

units was promised by the Commission to the Government. Part of this money has already been advanced by the Government to the Commission and the Commission is now requisitioning on the estimates of the fiscal year, 1922.

I consider it extremely urgent that all the explanations and the reasons necessary should be forwarded to the Government without delay, and I regret being compelled to think that the matter is not being treated with the consideration which its importance warrants."

Do you recall receiving that letter, Sir Adam?

A-- I expect I got it, It was addressed to me, was it?

Q-- Yes. Then I see in a letter dated November 30th, 1921, you reply to this letter, in which the following appears :

"I am in receipt of your letter of the 29th instant, and regret, as you do, that it has been impossible to give this matter the attention it demands at an earlier date, but I do not feel that you are justified in stating that the matter has not been treated with the consideration that its importance warrants. You know, as I do, that the data and information we are requested by the Government to furnish can only be computed by three or four particular members of the staff and these men, as I informed you in my letter of the 18th inst. have been working day and night and I may say, as I presume you know, that there is not an organization that has been more constant in working overtime to overcome their great difficulty and without holidays of any kind during the past year or more, and as the matter is of

great importance I think that it is only fair that they should be free from work and would interfere with their going into the situation fully and thoroughly."

That was your view of the situation, as you expressed it at that time. Then Colonel Carmichael sent it on to the Premier ; and the Premier having received it, sent this important communication to you on December 8th :

"Early in October last, it came to the knowledge of the Government that the expenditures of the Hydro Electric Power Commission on the Chippawa Development were considerably overrunning the estimates which were submitted as final for the five units, by the Commission in February last. The situation was of such importance and gave us so much concern that about the 12th October we asked the Commission to go into the matter with the Cabinet. You attended with a number of your officials, and after an exchange of views you undertook personally to furnish the necessary explanation in the course of the following week."

Do you agree with that ?

A-- I, personally ?

Q-- That is the statement in the letter, that you attended with a number of your officials, and after an exchange of views you undertook personally to furnish the necessary explanation in the course of the following week."

A-- Well, my fellow-Commissioners, Mr. Miller and Colonel Carmichael and others interested, were there.

Q-- I suppose then you were speaking on behalf of the Commission, or is that your view ? I just want to know if you have any comment to make on that, Sir Adam ?

HON. MR. LUCAS-- To prevent any misunderstanding on that letter, you will now see that the Report from the Commission to the Government was there. The Premier says it came to the knowledge of the Government.

HON. MR. ROWELL- My information is not in accordance with that present statement. I maybe in error, but my information is not in accordance with the statement that this other statement is what was presented to the Government when they speak of it coming to their knowledge. I understood it was brought to the attention of the Government by Colonel Carmichael, but I may be wrong in that ; but that is my present information.

HON. MR. LUCAS-- The point is that on August 7th that memo went to the Commission.

HON. MR. ROWELL-- We are dealing now wholly with the relation of the Commission to the Government on this point. Mr. Drury continues --

HON. MR. LUCAS-- Surely we are entitled to know, then, how it reached the Government and when it did reach them. There is the official memo showing the estimate of \$65,000,000. It was before the Commission ; just in bringing out all the facts.

HON. MR. ROWELL-- The file submitted to me does not contain this memorandum at all. I have no knowledge that this ever went to the Government.

A-- If it went to Colonel Carmichael, as a member of the Government, it went to the Government. That is the way we always treated these things.

HON. MR. ROWELL -- What I am dealing with now is what the Commission communicated to the Government in answer to these communications from the Prime Minister.

HON. MR. LUCAS-- You say you have no information of this?

HON. MR. ROWELL-- No. The first I ever heard of it is when it is presented today by Mr. Gaby. My information is that the Government learned about the increased cost from Colonel Carmichael.

HON. MR. LUCAS-- If I recall Mr. Gaby's statement yesterday, it was that about that date this new estimate was going out and he undertook to produce that and file it with you today and that is the document which was before the Cabinet on October 12th.

HON. MR. ROWELL-- That is quite contrary to my recollection of his testimony. But on this point, when I am dealing with an important matter relating to the relations between the Commission and the Government and dealing with the Prime Minister's correspondence, I do not think my learned friend should interject this other matter. Sir Adam can tell me what he submitted to the Government in answer.

HON. MR. LUCAS-- Perhaps I may be allowed, if I have any rights here, to say this Commission is going on on the assumption that all the facts are brought out whether favorable or unfavorable ; and therefore I should think it would occur to you at once that if a letter was read which left any wrong impression on the facts you would be anxious, as the Commission will be anxious, to get it set right at the time, not next week or next month or in the middle of May. My information is that that was the document which was before the Committee at their conference on October 12th. If I am wrong, we will all be glad to be corrected. If I am wrong we want to know it.

HON. MR. ROWELL-- Does Mr. Gaby say now that that document was before the Cabinet at this conference.

MR. GABY-- I had that document there before the Cabinet. I do not recall how the matter was dealt with

at the time, Mr. RRwell; whether you asked me whether there was any estimate previous to that or not ; but if you had asked me if that document had been before the Cabinet I would have said yes and that the details and the statements contained in that document were discussed in detail with the members of the Cabinet and the Commission, at the meeting of October 12th.

Q-- This is the testimony you gave yesterday, Mr. Gaby :

"Q--When did you draw the attention of the Commission to the fact that that representation made to the Government was not being made good and that you were during the year 1921 itself, actually expending some millions of dollars more? A-- I would say that some time in June or July the matter first came to our attention that we were not meeting the estimates that were submitted to the Government, and an investigation was commenced at once. That investigation took July, August and September ; in September some time the matter was drawn to the attention of the Commission, and I believe in October, the early part, a report was written in a general way, giving some idea of the probable cost of the work.

Q-- Can you show me any minute or any report that you prepared to the Board, drawing their attention to that matter ? A-- Yes, I believe I can.

Q-- Have you got it ? A-- I don't know whether I have or not. It does not appear to be among these papers here, but we have such a report and we can get it in the office. I will bring that along.

Q-- You will check that up for me? A-- Yes.

Q-- Your present recollection is that you did prepare a report for the Commission ? A-- Yes.

"Q--And your present recollection is that you presented it to the Commission at what date? A--The one I have in mind, somewhere in the neighbourhood of the first part of October, 1921; that is the written report, as to the other information."

Then you were asked as to what was covered by the subject matter of that report, and you made no suggestion there that you presented it to the Government.

MR. GABY: No, I do not believe that the question was up. As I say, if you had asked me I would have told you that it was before the Government on October 12th and the details were given to them from that report at that time. I presented the facts. I had the report there. I do not know whether I handed them a copy or not, but I had the report and presented the facts and read that report in detail to the Government at that time.

THE CHAIRMAN: When was that meeting?

MR. GABY: October 12th, 1921. I remember distinctly the conference was held there for that purpose, and that report was in my possession, and the detailed information contained in there was given, and I was asked a considerable number of questions by different members of the Cabinet on the details and the information which I gave them from that report.

THE CHAIRMAN: Mr. Lucas, in reference to what you said just now as to wishing to put in a statement that would assist us and also bring all facts to light, you are quite right in that; but I think you will agree with me that it is hardly right, in the middle of a question, to interrupt; and that it would be better to wait until it is over and then make your statements after the question is over than to

interrupt right in the middle of the question with your view of what the answer should be.

HON. MR. LUCAS: We are not represented by counsel here. Mr. Rowell's duty here and his instructions, and I am only trying to assist him to live up to them, are to bring out all the explanations.

THE CHAIRMAN: Let him bring them out, and then if you have anything to add we will be only too glad to hear you; but not right in the midst of a question.

HON. MR. LUCAS: Mr. Rowell is not so easily disturbed as that. Mr. Rowell is quite able to protect himself without the assistance of the Chairman.

THE CHAIRMAN: He has already objected, and I think his objection is well founded.

HON. MR. LUCAS: I have stated my position to Mr. Rowell. I accept at par the statement which he was making, that he was just as anxious to bring out statements favourable to the Hydro as against it; but sometimes I have doubted.

HON. MR. ROWELL: The remarks have been entirely unwarranted. Mr. Lucas started in making a speech about calling Stuart & Kerbaugh, without any suggestion to me beforehand, asking whether they might not be called. We are prepared to call any and every one, and I want to bring out all the facts of all kinds, and in their proper order; but I do not want the facts discoloured or distorted. On my information, this report was not given to the Cabinet. Now, I may be wrong, but I am conducting the examination on that basis and in that view; and if the Chairman of the Commission has a different view he will bring it out, no doubt; but, so long as I am conducting it on the basis of what I understand to be the fact and in the order in which I understand the

occurrences took place, then I think my learned friend's remarks are entirely irrelevant and improper.

HON. MR. LUCAS: Do you object, Mr. Rowell, to my calling your attention to the fact that this report of October 7th, as I understand it, was before the Commission, so that you may ask the Chairman as you proceed.

HON. MR. ROWELL: I shall welcome anything which you draw my attention to, but you did not stop there but started to make a speech in reference to it, interrupting my examination.

THE CHAIRMAN: I hope Mr. Lucas will bear that in mind.

HON. MR. LUCAS: Mr. Rowell says I am quite in order to call his attention to a document and ask that it be called to the attention of the witness. He says that is quite a proper interruption; but from your remarks I gathered that he objected to my producing it until the examination is over.

SIR ADAM BECK: As far as I am concerned, Mr. Rowell, I know that Mr. Gaby at that conference, which was an important conference, gave every information, every detail of facts as to increased cost that he had in his grasp, whether the Government got a copy of it or not.

THE CHAIRMAN: Mr. Gaby, an important statement like that which contained information which the Government asked for, if you had it with you would it not have been the natural thing for you to leave it for the Government?

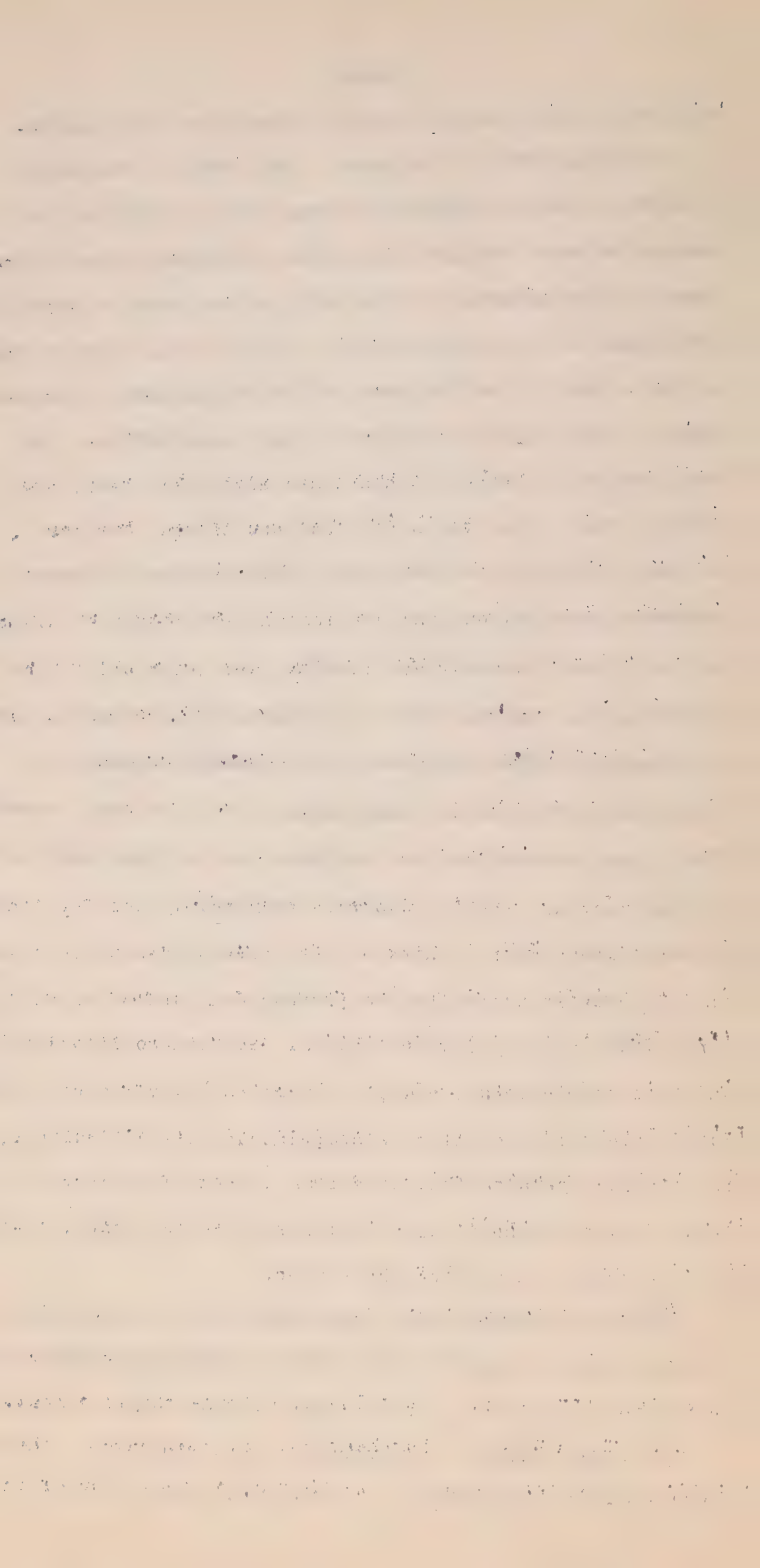
MR. GABY: That was a matter of a report to the Commission. I was asked as to the details of this work and used that report in answering the Government's questions. That report was there, the one which I used in giving them the information which they were asking for, and I was asked a great many questions by the Cabinet Ministers in

connection with the same and the details of the reports.

SIR ADAM BECK: It appears, Mr. Rowell, that there is an idea which has got abroad that engineers or officials of the Commission were derelict or, rather, avoided giving information regarding the progress of the work or the costs or anything pertaining to it, concealing it, if you like, to go as far as that. Now, I, as Chairman of the Commission, disown anything of that kind on the part of our organization. Our organization is honest at heart and always has been, and in sixteen years I can vouch for that one thing. Men err, men make mistakes, and they omit, and omissions do occur and erroneous expectations and conclusions are formed of things. But as to their honesty and fidelity, and their ability in finishing the construction of a pioneer work, something of the character which had never been attacked anywhere in connection with such an undertaking, is all to their credit. That is my observation as a business man in close touch with all the work and the men who were responsible for it. And my heart bleeds when I think of the insinuations which go about in this country affecting the professional character of these men. That is one thing that hurts. You can go into details and into conclusions, and you can go on the verge of taking public views from a public standpoint and a political one, but the fact remains that as far as I know, following it in detail and watching it and scrutinizing it for years, that these men are honest in all they have done.

Whether there has been unavoidable waste or unavoidable increase costs because of the terrible conditions under which we had to carry it on, I must leave to those who know best.

HON. MR. ROWELL: I have heard no one challenge the honesty of the engineers? A--Oh yes, on the floor of the



House.

HON. MR. ROWELL: But nothere.

HON. MR. LUCAS: May I get the date of the Premier's request for information?

HON. MR. ROWELL: December 8th, 1921, is the one which I have just read. They follow up. I started with the first letter to Colonel Carmichael, which is dated November 10th, and the others follow on. I was following it chronologically, taking each letter in turn. It starts in with the reference back to the conference.

HON. MR. LUCAS: Now, I am quite sure that you will correct this. The Chairman has the impression that the Government requested the Hydro for information as to this increased cost. That is not the evidence, and, if I have followed those dates correctly, the Commission go up and see the Government and give them the information, and there is no request prior to the conference when all these matters are gone into, on April 12th.

HON. MR. ROWELL: The Prime Minister states in his letter that they did request the conference.

HON. MR. LUCAS: That is the letter I want to see.

SIR ADAM BECK: We had conferences, and they knew all we knew.

HON. MR. ROWELL: In the letter of 8th December, 1921, from the Prime Minister to the Chairman of the Commission, the Prime Minister states "The situation was of such importance and gave us so much concern that about the 12th October we asked the Commission to go into the matter with the Cabinet." That is all I know.

HON. MR. LUCAS: There is no record of any such request in writing, or who asked for it.

HON. MR. ROWELL: I know nothing but the letter.

SIR ADAM BECK: My anxiety was to place before the Government everything we knew.

HON. MR. ROWELL: It is now after five o'clock, Mr. Chairman,, if you are going to adjourn.

SIR ADAM BECK: I have an appointment for tomorrow, and I cannot be here again for a week. I have been putting them off. I would be very grateful if there is anything further, if you could close it up.

HON. MR. ROWELL: I will try to close up. You recall the receipt of this letter, and I want to direct your attention particularly to this part of it:

"I draw your attention to the above facts and I would point out, moreover, that what the Government has asked and what we were promised is an explanation from yourself as the responsible head of the Commission, as to why the increased expenditure was necessary. WE feel that we are entitled to have the information you received from time to time, which in your mind, justified the estimates and the expenditures of the Commission. This is the more urgent because in February last you authorized an estimate that the completion of the five units would cost \$26,700,000. and when the question was raised in the Legislature as to whether this was a final estimate, the assurance was given that it would complete the work. Yet, during the last fiscal year the Commission expended, in addition to this amount, \$3,980,674. and it is still making requisitions, without any adequate explanations for further sums.

Let me point out to you again, that what the

"Government requires is your own explanation, as head of the Commission, in fulfilment of your personal promise, to give such an explanation, which is now nearly two months overdue. We are not asking for new and elaborate computations by engineers, but we are asking for the information you must have had as head of the Commission and which justified you in your own mind in asking the Government to exceed, by a sum, according to your verbal statement, of approximately ten million dollars, the estimates which we, on your assurance, submitted to the House as final at the last session.

I trust I have made this sufficiently explicit and that you will see the necessity of a prompt explanation, as head of the Commission, in order that the situation may be made clear and that any misunderstanding may be avoided. The Government desires to assure itself of the defensibility of these expenditures and delay in giving us necessary explanations is hampering the transaction of public business."

A--As far as those matters were concerned, I remember quite distinctly the request that came to me. As to my personally giving my personal opinion about these various matters, as I said then and say now my view is that my personal opinion did not amount to anything more than that of any other member of the Commission or any other person who was cognizant of the facts as laid before us by experts, by men in the position to know, by men in charge of the work, by men who had conducted similar great undertakings; and that is all we could give the Government and all that I could give. My individual opinion was of no value to me, and could not be

of any value to the Government, as a layman in these matters, and the information was given conscientiously and honestly by everybody.

Q--And what the Prime Minister requested in this letter--

A--Was something that was impossible. I would not go and set my personal opinion of when a work would be completed or what it would cost against that of men qualified to know and engaged to give their expert opinion, and paid for it, too, enormously high prices. I would not set my opinion against theirs, and I never did it.

THE CHAIRMAN: As Chairman of the Commission?

A--As Chairman of the Commission, or otherwise, I can only give the facts as they were handed to me by experts.

HON. MR. ROWELL: Permit me to put the question as I understand it, raised by the Prime Minister's letter, and what I want is to get your explanation.

A--My explanation is that I had no qualification, just because I am Chairman of a Commission.

Q--The Prime Minister's point is this, the Commission had reported in the spring of 1921 in their view an estimate of \$55,000,000 would complete the work.

A--And Mr. Cooper said \$66,000,000, so that they had both reports, both the statements.

Q--Then, during the summer of 1921, the actual work, apparently, exceeded these estimates--

A--Not apparently, but in fact .

Q--So that during the year you overran in actual expenditures some \$3,000,000 over the total estimated cost for completion.

A--Yes, and what our best judgment told us we would require.

Q--What the Prime Minister asked was, as Chairman of the

Commission looking after the conduct of its affairs, what facts came to your knowledge, what facts did you receive from your engineers which led you? A--None other than the Government received or the Government Member received.

Q--What facts did you receive which led you to conclude that the additional expenditure was justifiable and that you would go on and make it, exceeding the estimates? What facts came to your knowledge as Chairman that led you to go on and make these expenditures? That is, as I understand, the Prime Minister's question. "I draw your attention to the above facts and I would point out, moreover, that what the Government has asked and what we were promised was an explanation from yourself, as the responsible head of the Commission, as to why the increased expenditure was necessary."

A--That was all available to anybody.

Q--After reciting the estimates, he said, "during the last fiscal year the Commission expended, in addition to this amount"--that is the total estimated cost,--"\$3,980,674, and it is still making requisitions, without any adequate explanations for further sums. Let me point out to you again that what the Government requires is your own explanation, as head of the Commission, in fulfilment of your personal promise to give such an explanation, which is nearly two months overdue. We are not asking for new and elaborate computations by engineers, but we are asking for the information you must have had as head of the Commission and which justified you in your own mind in asking the Government to exceed, by a sum, according to your verbal statement, of approximately \$10,000,000, the estimates which we, on your assurance, submitted to the House as final at the

last session."

A--It was not what I had in my own mind, but it was what the requisitions required for the work being carried on, necessary to meet the expenditure on that work. It was not my conclusion. It was the money that was actually needed to carry on the work. We may have put on more men than we had anticipated, to crush it through. I am not prepared to say. I knew money was expended, and I believe absolutely honestly, and that the men in charge were absolutely competent to do the work and did carry it on honestly.

Q/-That is the only explanation you can give in reference to it? A--Certainly. I was not standing over there from morning to night to see that the men were not doing ten hours work in eight or six hours work in ten. Our job was to engage proper men to do the work and to carry it on.

Q--Did you discuss at all the question with Mr. Gaby?

A--I suppose Mr. Gaby was instructed to prepare that explanation and to get his details and everything in order, every time we were anxious to meet the Government or requested to meet the Government or desired to meet the Government.

Q--You cannot recall whether you discussed with Mr. Gaby whether or not that should be sent on to the Government?

A--I probably did. I probably went over it.

THE CHAIRMAN: Would Mr. Gaby's instructions go from the Board or from yourself personally? A--Everything was dealt with by the Board. The Minutes of any organization, whether private or public, for sixteen years, that were kept any better than ours, I would like somebody to produce them.

Q--Do they record all important matters that came before the Board? A--I do not suppose all the conversations

and decisions were recorded.

Q--Would they record the decisions at which the Board arrived? A--They were supposed to; I do not know whether they were in detail. I hope you do not forget, Mr. Chairman, the fact that this Commission was in part representative of the Government itself, always; in the case of the Honourable Colonel John Henry, when he was on it, there were two of us Members of the Cabinet and a third member was a Member of the House. And so it was always; and I treated the present Government and the late Government the same as I did the Government that I was a member of. I felt it was my duty to keep the Government informed and in close touch and to tell them honestly and candidly what I felt in these matters, and that was usually a matter of general discussion, because Minutes or correspondence do not in detail show what took place, the fact of the matter is that everything that could be conveyed to the Government or those responsible was always uppermost in my mind. I was privileged to see the Prime Minister, and many times I requested to see the Prime Minister, but it wasn't always convenient for him, but I kept on until I did.

THE CHAIRMAN:

Q--You spoke, Sir Adam, of monthly reports which the engineers made to you as to the progress of the work.

A--We have progress reports.

Q--Would they be on file? A--If you have not got them; you have pretty nearly everything we have ever had.

Q--They should be either on file or with us? A--Yes.

HON. MR. ROWELL: Do you recall receiving this report which Mr. Gaby has produced today, of October 7th, 1921?

A--If Mr. Gaby says he had it there at that meeting, I would

take it for granted that he had, and if he had it there, I presume I would hear the discussion and know about it. I cannot remember the day or hour.

Q--When the Prime Minister was pressing for this information from you, why didn't you furnish him with a copy of this report from Mr. Gaby? A--I do not know. I suppose it was not finally completed, but it was used as data and information during the discussion of these matters.

HON. MR. LUCAS: I presume you are going to put in the formal report which we did give, later.

HON. MR. ROWELL: Yes, I am coming to that. Now then, following the correspondence, Sir Adam, I find that on December 17th, 1921 you replied. As a matter of form, on December 12th, you replied to the Prime Minister's letter and say you will reply further later. Then, on December 17th, 1921, you make your reply as follows:

"Pursuant to my letter to you of December 12th and further answering your letter of December 8th, I would say as follows:

"The estimate made in the month of October, 1920, of the cost of completing the Queenston-Chippawa Development was confirmed by the examination and expert opinion of Messrs. Francis Lee Stuart and H.S. Kerbaugh, Contracting Engineers, in collaboration with Messrs. R. B. Johnson and R.S. Lea, Hydraulic Engineers. The qualifications of each of these engineers were submitted to you at the time. The estimates submitted by the Commission to the Government on 27th January, 1921, for the appropriations required to carry on the work for the completion of the first five units at a total

cost of about \$55,000,000. were based upon actual estimates of the same engineers.

The work was carried on under the direction of the engineers of the Commission and the supervision of Messrs. Stuart and Kerbaugh, with the advice of Messrs. Johnson and Lea. Difficulties arose in the operation of the new construction plant. The character of the rock excavation changed. The schedule for the completion of the work by the first of September caused unprecedented difficulties in the handling of labour and plant. Further, there were abnormal accidental contingencies, increases in the price of cement and sand, extra plant to be purchased and obstruction and congestion of the other plant and labour due to the late delivery of the steam shovels and the defective operation of these steam shovels and of the canal lining plant, as well as other reasons detailed in the enclosed report of Messrs. Stuart and Kerbaugh.

These matters arose gradually and it was impossible to see, and no one was aware until the end of June, that the estimates might be exceeded. When this possibility arose an investigation was undertaken, and a report was submitted to you on 12th October last.

Particulars of the matters causing the necessary additional expenditures have been carefully considered and I send you herewith the report of Messrs. Stuart and Kerbaugh, dated 13th inst, showing exactly how the estimated expenditures of \$55,000,000 is increased to about \$65,000,000, and you will also note that the increase is due either to conditions which could not have been foreseen

or to results which could not have been anticipated from an unprecedentedly rapid time schedule.

I also send you the report of Messrs. Johnson, and Lea, dated 8th inst., on the character and capacity of the work with the prediction that the continuous output at the ordinary water stages in the Niagara River will be 550,000 h.p., that is 100,000 h.p. greater than the capacity originally forecast by the Commission's engineers, which will warrant the installation for peak purposes of an installation of 650,000 h.p."

That was your letter of December 17th, to the Prime Minister, and you enclosed with it the report from Messrs. Stuart & Kerbaugh. If those are not in, the two may go in together as one exhibit. I think they are already in, but if not I will put them in.

HON. MR. LUCAS: To clear up the misunderstanding which we had earlier, there is the evidence that we did submit the report which Mr. Gaby refers to, on October 12th. It says so there.

HON. MR. ROWELL: That may refer to the interview which was on October 12th, because the report is dated the 7th October.

HON. MR. LUCAS: It says "report was submitted to you on 12th October last."

THE CHAIRMAN: Mr. Gaby, I understood, said he did not leave the report with the Government.

MR. GABY: I do not know. I may or maynot.

HON. MR. LUCAS: On December 17th, we were then stating that we did submit a report on October 12th.

HON. MR. ROWELL: And the Minutes of the meeting of October 12th, of the Commission, so far as the analysis that I have got before me is concerned, does not show this report as having been before the Commission or discussed. All I know is from the Minutes. Now just to close this matter up, without going into detail, the Prime Minister replied on the 8th February, 1922, discussing this matter, and quotes this extract from your letter, in which you were giving the reasons, and proceeds:

"In the opinion of the Government these reasons afford an inadequate explanation of the increased cost. I would point out to you that most of these difficulties ought to have been foreseen at the time you submitted your estimates to the Government and to the House. In fact, as above set forth a very liberal amount was included in your estimates to take care of just such contingencies. Further, I would point out to you that during the months intervening between the submission of your estimates and your letter explaining the increased costs, the cost in general of labour and material had decreased and the schedule for the completion of the work by September 1st, had been abandoned. In the opinion of the Government the latter changes in conditions should have tended toward decreased instead of increased cost. In the face of these facts we are led to one of two conclusions, either that you and your engineers did not fully disclose conditions to the Government and to the Legislature when submitting your estimates at the last Session, or in the alternative, either that you were not informed of conditions and

the probable cost of the work as you should have been or that there has been extravagance or inefficiency in its carrying on.

In view of the gravity of the situation the Government desires that the whole matter be taken up immediately by the full Commission and that any requisition be endorsed by it before its presentation to the Government. In this connection I would point out that the requisition before me is not as it professes to be, pursuant to Section 24 B of the Power Commission Act. Having exhausted the whole of your estimates for the fiscal year, ending 31st October next, you are required by this Section to submit a new estimate for the amount now estimated to be required for that year and the special warrant must be for 'the amount estimated to be required.' Until this is done, the Government has no authority to take any action."

Now, just one or two questions. I notice you said in your letter that "the schedule for the completion of the work by the 1st of September caused unprecedented difficulties in the handling of labour and plant." What can you refer to there? A--Just what I said, I suppose.

Q--What are the unprecedented difficulties?

A--Oh, I do not remember; they were so many and so frequent and so uncontrollable; there was no detail about it.

Q--You could not say when you did decide on that schedule of the 1st of September? A--I suppose we decided when the engineers advised us and reported on it.

Q--And can you tell me when you abandoned the decision to

complete on the 1st of September? A--No.

Q--I find you replied on the 10th February to that, which apparently closes the correspondence on this particular matter, as far as my record goes.

If there is any other correspondence, I will be glad to put it in.

(Page 4700 follows.)

HON. MR. LUCAS: You are not reading it, Mr. Rowell.

HON. MR. ROWELL: I will read it in, if you wish.

" Replying to your letter of 8th instant, with reference to the Queenston-Chippawa Development, I would say:

(1) The expenditure upon this work up to January 31st, 1922, together with accrued interest, amounts not to \$63,000,000 as mentioned in your letter, but to \$61,093,215.28.

I am enclosing a statement showing in detail the expenditure of January 31st, 1922, and the accrued interest for November and December, 1921, and January, 1922.

A statement to January 31st, 1922, of expenditures on Niagara System Transformation Equipment (Queenston), amounting to \$1,920,229.13, is also enclosed herewith.

(2) The sum of approximately \$5000,000,000 added to the Stuart and Kerbaugh estimate covers items other than contingencies, namely, an amount of \$2,500,000 for interest during construction in the year 1920-1921, and interest for 1919-1920, to the extent of \$768,000.

(3) The amount of \$7,123,202. mentioned in the memorandum of the 1st Instant, referred to by you, is for the current fiscal period of November 1st, 1921, to October 31st, 1922, and includes expenditure chargeable since the last fiscal period. The whole of this amount is not, therefore, as you anticipate, to be added to the total expenditure up to the present date, but to the total expenditure up to October 31st, 1921.

" In addition to the above amount, the Vote of the Legislature No. 113 provides for an appropriation of \$876,798, making a total estimated expenditure for the fiscal year 1921-1922 of \$8,000,000 on the Queenston-Chippawa Development."

These are matters I did not read in Mr. Drury's letter relating to that; I have no objection to putting it on the record, but it does not appear to me to add anything to it.

HON. MR. LUCAS: It is merely the estimate as to how he arrives at \$58,000,000.

HON. MR. ROWELL: The letter continues:

" (4) The following is a summary: "

HON. MR. LUCAS: Just as you like, but I draw attention to the paragraph at the top of page 3, as being significant, which represents that Mr. Gaby's estimate of \$65,000,000 was discussed with the Prime Minister at the conference of October 12th. The paragraph reads as follows:

" In October last the gross estimates discussed with you for the completion of five units were \$66,535,810. as compared with \$66,865,603. above shown -- "

It is simply a repetition of the statement that we did submit in October, an estimate of \$65,000,000.

HON. MR. ROWELL: Of course, that is what the Prime Minister states, that you did tell him at that time, he learned of it at that interview, that the estimate was \$65,000,000, and what he wanted was an explanation of the difference between \$55,000,000 and \$65,000,000.

HON. MR. LUCAS: The information came to the Premier in consequence of his asking for a conference.

HON. MR. ROWELL: It is all in the letters, and they are all on record and can be referred to. I will read from the letter:

" In October last the gross estimates discussed with you for the completion of five units were \$66,535,810. as compared with \$66,865,603. above shown, while the probable net amount was estimated in October last at about \$65,000,000 as compared with \$65,365,603 above shown. The estimate discussed in October did not include interest for the year 1922. The interest to complete and the salvage estimated to be recovered during the construction period extended to the same date will be approximately the same.

It is anticipated that the return from the salvage on the construction plant, buildings and stores to be ultimately recovered will exceed by a considerable amount the salvage estimated to be recovered during the construction period.

(5) Every care was taken to have the best possible estimates obtained, and the employment of Messrs. Stuart and Kerbaugh, and Messrs. Lea, and Johnson, for that purpose, was approved by the Government, and, as explained in the material already forwarded to you, the increased cost over the estimates of 1921 were due to causes justifiably unforeseen.

(6) I might here say that all conditions known to me or to the Commission's engineers were fully disclosed to the Government."

That is all that deals with this particular matter.

So far as I am aware, that closes the matter. Is there anything further in your file, Mr. Lucas?

HON. MR. LUCAS: No.

HON. MR. ROWELL: I have nothing further dealing with the matter.

THE CHAIRMAN: Might I ask, Sir Adam, at what time in 1921 you knew that the \$55,000,000 estimate would be exceeded? A--I cannot say.

HON. MR. LUCAS: During the summer of 1921 is the nearest statement that has been made as to when it became apparent that the cost would substantially exceed the estimate of \$55,000,000.

THE CHAIRMAN: I thought it might be more specifically stated than that.

HON. MR. ROWELL: Sir Adam, in the Minutes of your meetings, was it your understanding that all important decisions reached should be recorded in the minutes?

A--Well, I presume they were.

Q--You presume they were? A--I Presume they were.

Q--You, I suppose, cannot give us any further information as to why the estimates were exceeded?

A--I am coming back to the inception of all this; I continue to pay attention to the fact that two of the Members on the Commission were Members of the Cabinet; we got in the way of discussing these things in the Cabinet, and out of the Cabinet, and it was all, as it were, the Cabinet. I do not think there were many Minutes kept by the Cabinet, were there? You have been a Member of various Governments, and ought to know.

Q--No, but the Commission in passing upon these matters, is not the Cabinet, and you do keep Minutes?

A--But it involved the Cabinet.

Q--In my position here, I should think, Sir Adam --

A--We are not trying to shirk any responsibility, but the idea that the Chairman of the Commission being

looked upon as the Saviour of all things, is rather amusing to me. I think all Members had an opportunity to inform themselves, and every door was open to them, the same as to the Chairman.

Q--Between meetings of the Commission, Sir Adam, it looks as if, from the Commission's standpoint, the executive work, so to speak was handled by the Chairman?

A--The smallest item to the largest is dealt with in the Agenda before the Commission, communications and everything else are presented to the meeting informally. Routine letters, and small matters of no importance, why the Secretary writes the replies after asking me about the matter, they are dealt with in that way.

Q--Matters coming up between meetings of the Commission, what would be your relation to them, or the relation of any other Commissioner? A--I do not think any further responsibility was upon me than was upon any of the others, in matters of policy, of contracts or agreements, but in routine work, operation of the plant, and many things, came up and I dealt with them personally, daily.

Q--I would assume, in the normal course, that the Chairman of the Commission would be the executive officer of the Commission in carrying on the work between the meetings. A--He worked a good many hours over time every week of his life trying to assume it; I do not know that it reflects upon him more than upon any other Member -- that was their option.

THE CHAIRMAN: Sir Adam, would the Chairman deem it within his power to announce important questions of policy before the Commission, without any reference to the other Members? A--I think, when he expresses his opinion, as long as he does not express it as of the

Commission, yes.-- My own view. But, as to assuming the whole liability and responsibility of everything that was initiated from the inception of Hydro, I would be guided by the view of my colleagues, although my own view might not be the same as theirs.

Q--In expressing it for the Commission, I gather from what you say , that it was the Commission's decision?

A--No, not at all; I did not know their views.

Q--If it an expression of opinion of the Commission, do you regard it important that it should be --

A--I express my opinion on matters every day, but if they are matters dealt with by the Commission, I express my opinion of them as being dealt with by the Commission, and not my own view. I have always had the privilege of expressing my views, and hope I always will have.

Q--Those would be your personal views? A--Yes.

HON. MR. ROWELL: That is all on this matter, unless the members of the Commission desire to ask any questions.

THE CHAIRMAN: Will you be available next week, Sir Adam? A--I do not think so, I am very uncertain as to my arrangements.

Q--We do not want you to feel we are neglecting you at all. A--I would not accuse you of neglecting me, or any of our organization; you have been most thoughtful in your attention to us, in fact, we do not realize that we exist at all, or function as a Commission, in many things.

Q--I am glad you appreciate our intentions.

A--We appreciate it thoroughly.

Q--Will Mr. Gaby be here next week? Mr. Pop is always with us.

MR. GABY: Yes, I will be here.

HON. MR. ROWELL: I notice, Sir Adam, I do not know what the source of this would be, but it is supposedly a very reliable source of information in connection with Hydro matters, in the Toronto Telegram of November 26th, 1915, in the course of an editorial, it says:

" The ultimate liability of \$10,000,000 will create an ultimate supply of 600,000 h.p. of electricity."

That is an estimate which appears to have been slightly exceeded.

HON. MR. LUCAS: It is a clerical error.

SIR ADAM BECK: I think the Commission will realize one thing, in connection with our absorbing the Toronto Power Company, that a great many of the users in Toronto are pleased with the fact that they are getting their power 118 per cent cheaper this year than they did last year, notwithstanding that we have absorbed the Company.

HON. MR. ROWELL: I thought the rates the Hydro Commission fixed were somewhat higher.

THE CHAIRMAN: Mr. Rowell, who do you want to be here tomorrow?

HON. MR. ROWELL: Colonel Carmichael, and Mr. Drury.

THE CHAIRMAN: We will adjourn

o-----o

Proceedings stand adjourned at 5.45 P.M. Wednesday, March 28th, 1923, until Tuesday, April 3rd, 1923.

o-----o

